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PACKARD METHOD
of TEACHING
BOOK-KEEPING

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THE PACKARD METHOD
OF TEACHING
BOOK-KEEPING.



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REMARKS.

The purpose of this book is, as its title imports, to teach book-keeping; and everything it contains, from first to last, has that object in view. Its author has had some practice, both in teaching and in book making, and has tried to put within these limits the best results of his experiences in both directions, trusting that they may be of service to those who do him the honor to test them. A few things have been settled in his mind; the first, and most important of which is that before knowledge can be utilized it must be acquired. There are various ways of acquiring knowledge; and the words of a text book do not cover them all. One great purpose of a text book should be to direct the mind and prescribe the work. It should be, above all things, suggestive; and while it should, by its suggestions and examples, save the student from useless labor, it should, in no sense, do his work for him. It should furnish hints for the private learner, that he may not go astray, and material for the teacher, that he may intelligently and effectively direct his pupil. *No part of it should be servilely copied*, and no part of it left so blind as to be guessed at. Book-keeping is a mathematical study. Its principles must be clearly understood before they can be applied. They are simple and conclusive; readily grasped, and easily held. The science of book-keeping, like the science of algebra, is based upon equation. Its perfect condition is a perpetual equilibrium; and therein lies its charm. Book-keeping records transactions; and transactions have, inevitably, two sides, which exactly measure each other. The main object of recording transactions is to show the changed conditions which they produce. These can be shown only through the form of accounts; and thus it is that book-keeping has been properly called "the science of accounts." To understand the science of accounts, it is first necessary to understand the accounts themselves; hence, any adequate method of teaching book-keeping must first deal with individual accounts. This plan was first presented by the author in 1867 in his "Complete Course of Business Training," a little manual of book-keeping which was extensively used in commercial schools of various grades. It was subsequently adopted, and carried to ultimate results, in the revised edition of the Bryant and Stratton Counting House Book-keeping, as also in the New Manual of Book-keeping and Correspondence, which has been in general use during the past ten years. Other authors have recognized its preëminence, and in a more or less direct way, adopted it as the logical method.

What the thoughtful student requires, and has a right to demand both of author and teacher, is a conscious growth in knowledge; and it is the aim of this book to meet that demand. Every step is a step in advance. The progress is purely synthetical, one result growing out of, and being built upon another, and only so much of repetition being required as will fix the principles indelibly in the mind. The natural protest of the pupil—which is justifiable as well—is against unnecessary routine. While it is true that in real business the book-keeper's work is often wearisomely monotonous, it does not follow that the pupil's work should be so; and it never will be so if he can see and feel that every lesson and every step are carefully planned for his advancement. If this little book has any claim to preëminence it is in this direction. While it has enough of monotonous detail to fairly represent business as it is, and to bring into use the auxiliary books and forms which are such a valuable feature, great care has been taken to avoid unnecessary work of this kind; and so it has been possible to put within the space of less than 150 pages, a complete treatise on book-keeping; giving not only the principles, in

statement and application, but suggesting the best forms of record, with sufficient illustration in written pages and documents to inspire the student to good work.

The author has never for a moment lost sight of the fact that the natural desire of the new student in book-keeping is to "keep books," just as the natural desire of the child is to walk. And the child learns to walk just as the book-keeping student learns to keep books—by first creeping, next, standing upon its feet, by the help of a friendly hand, and finally, so adjusting its equilibrium as to walk, independently, with ease and grace. Of course, if this could all be done without the somewhat tedious intermediary processes, few mothers there are who would not rejoice to have the new-born child learn to walk by walking the very first hour. The student's plain purpose in studying book-keeping is to become a book-keeper. When this is accomplished, his work as a student is done. And if it can be accomplished without study or instruction, there is little need of books or of teachers.

This book proceeds upon the supposition that book-keeping must be learned, and thoroughly learned—that the book-keeper, in order to take his place in the profession and to be of use in it, must be grounded in the principles and proficient in the practice. Hence, great care has been taken to so inculcate the principles at the start, both by statement and illustration, that they cannot be lost sight of. And as soon as they are so inculcated they are immediately put in practice, through such forms and conditions as will fasten them securely in the mind.

The book is divided into two Chapters; the first devoted to the statement of principles, and the second to their application. The conclusion of Chapter I., in the presentment of a Model Set of books, is a feature to which special attention is called. It is intended here to set a pattern for the student which shall not only direct him but inspire him. The form of script which has been adopted in this set, is the form which has been practiced, under the approval of the author for the past five years, with such eminent results that he has no hesitation in commending it. There is much said about individuality in writing, and during the past few years a number of people have become very much interested in what is known as the vertical style; but, in the first place, nobody can destroy "individuality in writing," and next, it is likely to be learned that vertical writing is much better adapted to indexing and correspondence than to book-keeping. The script presented in the Model Set has a few characteristics to which attention is called. First, every letter is distinctly formed, and cannot be taken for any other letter; second, the space between letters is uniformly greater than that between parts of letters, so that confusion from this source is avoided; third—and this is the main point—*no letter, whether small or capital, is made in two ways*. It is true that in this rigorous enforcement of uniformity, the professional writing-master has not been consulted; but the author satisfies himself with the consciousness that in the matter of book-keeping, at least, legibility and adaptability, combined with gracefulness of form and ease of execution, will always take precedence over display of any kind. There is no attempt, however, to parade a style of penmanship for anybody's adoption, nor, in the remotest way, to inveigh against the faithful work of the writing-master.

Chapter II. is devoted to the application of principles, and to such practice in book-keeping as will make the student proficient in the art. There is furnished material for thirteen separate sets of books, each set having a distinct purpose or distinct purposes, which are briefly set forth in the title. The sets are all comparatively short, the object being to constantly bring the student face to face with changed conditions, and to give plenty of practice in presenting such conditions through the form of Statements. Nothing can be more profitable to the learner than to be required to present, from time to time, the

progress and condition of affairs as shown by his records. To this end examples of Statements are given, which he may use or improve upon to suit his own ideas.

Great care has been taken in the concluding sets of the Business Series to present modern forms and customs. It is scarcely necessary to characterize any of these sets, as their points will be apparent. The material and the suggestions which give them value were obtained from the best business houses of New York, and are up to date in every particular. In short, it is claimed that within the narrow limits of this book the subject of book-keeping has been thoroughly and adequately treated; and that no intelligent person who acquires its teachings can fail to become a competent accountant.

Nevertheless, the author has supplemented the work with a series of independent tests, in which the student is thrown upon his own resources, and through which he will get an abundance of practice. These tests are in the form of correspondence, comprised in separate bundles of sealed letters, which the student is to open in proper order, and which contain the progressive material for a set of books, with all the attendant documents, such as invoices, notes, drafts, checks, statements and correspondence. The tests—which are four in number—are progressive, and arranged to follow certain sets of the Business Series, beginning with Set II. One important function which they serve is to save the teacher from perfunctory examinations; for they are, in the fullest and broadest sense, examinations.

And beyond this, there will be produced for students in special lines, separate books covering the subjects of Banking, Railroading, Manufacturing, etc., much of the material for which is already in hand. These separate volumes will be short and comprehensive, and can be used as supplementary to any text book, or any system of training.

And so, the author submits his work to a discriminating public, with no claim for favor that does not rest in the work itself; and with no intent to push its interests on any other ground.

PERSONAL.

I see before me in imagination a body of young men and women, averaging as to age, say eighteen years, or thereabouts. Their faces are familiar to me, and I seem to have seen them on various occasions, and under differing conditions, during the last forty years. They never grow older, and living in them as I do, I seem to retain my own youthful feelings, my own youthful hopes. I can look back, of course, through the many years that I have indicated, and can take cognizance of the growth of the world during that period. I see great cities grown up, and ambitiously claiming preëminence as centres of wealth, population and refinement, that were not named on the map, nor were they even in the mouths of people when first I looked into the faces that are before me. And then, I call to freshest recollection the face of a boy, who at the age of fourteen became one of my pupils. He had a peculiar trusting smile and a delightfully reticent manner which won my heart, and I adopted him at once. He was thoughtful, even at fourteen; and seemed anxious, always, to know just what was the right thing to do, so that he might do it. And more than this, he looked to me for direction; and so, was laid upon me a great responsibility. I had to guard myself with circumspection, for I soon saw that not only was he relying upon me for counsel, but taking me for an example. It was an embarrassing situation, and I fear that often in his presence I was led to affect virtues which I did not possess. But even this, I think, did not harm me. On the other hand, I am sure it did me good; for I began to desire to be worthy of my young friend's trustfulness. In spite of his goodness, he grew

to be a man; but the glamour of his youth did not forsake him. The mutual friendship which began under such peculiar circumstances ripened with our years; and to-day he is my teacher, and I his pupil. The trust which as a boy he gave to me in such large measure, I now, after these many years, give to him, with added interest. It may be that the world grows bad; that men are sordid and selfish, and women vain and thoughtless; that patriotism is but another name for the lust of ambition; and that the country is on the verge of dissolution on account of its sins. I believe that there are vile people in the world; and I know there are honest ones. I would put my life and fortune in the hands of my friend, and would ask no security. I would go on his bond for all I hope to be worth, and would lose no sleep on account of it. But much as I love and trust him, I do not believe him to be the only one worthy of such trust. I do not even believe him to be a rare exception. I think there are hundreds and thousands of just such men; that they are in every community, and in every worthy enterprise that blesses the world. I look out upon this imaginary audience before me, and see ample assurance of all that I am saying. Hundreds of honest boys and girls into whose hands this little book will come, and who may possibly read the words that are now being written, will learn the lesson that I am trying to teach; will settle down into the calm conviction that the straight path is the only safe path, and that there is abundance of recompense for all faithful endeavor. Most of you expect to earn your own living, and to begin to do so by working for wages. You are studying book-keeping with the thought that through the knowledge thus gained you will have services to offer, and that somebody will be willing to pay for those services. You know now—and you will know much better in a few years from now—that the world is full of work for able and diligent hands; and that it does not make so much difference what the work is so long as it is useful and well performed. You may have heard some unreflecting person say that the book-keeping profession is overcrowded and unremunerative; and that it is not in the line of promotion. Some student sitting next you may have said in your presence: “I do not expect to be a book-keeper,” and he may have been moved to the remark from some slight that he has heard thrown upon the profession, or from the false idea that there is no way out of it except to drop out. Take the advice of one who knows what he is speaking about, and who has acquired the knowledge by years of close and interested observation. There is to-day, in this country, no better stepping stone to desirable eminence than the book-keeping profession. It is not necessary that the book-keeper should know nothing but book-keeping; but it is necessary that he should know nothing any better than he knows book-keeping. A smattering of book-keeping knowledge is of no more account than a smattering of Latin Grammar; and while I have a great respect for the intellectual book-keeper—the man who understands the principles, and knows how to apply them—I have a profound admiration for the practical book-keeper, whose intellectual ability makes itself apparent upon the written page. And while I have a reasonable fondness for the man who can elucidate the great principles of the science, I have an intense love for the boy who can add up columns of figures with lightning speed, *and never make a mistake*. This is the kind of boy that business men, everywhere, are looking for, and know when they have found him. This is the kind of boy that is likely to get a place as book-keeper by asking for it; but is not likely to remain a book-keeper, because he is sure to be wanted elsewhere. It is the boy with the clear head and willing hand that the world is after; the honest boy, the faithful boy; the boy who thinks for others even more than he thinks for himself; the boy who while reading these words nobly resolves that he will fulfill their highest promise.

S. S. PACKARD.

NEW YORK, September 1, 1896.

BOOK-KEEPING.

CHAPTER I.—PRINCIPLES STATED.

THE BOOKS OF RECORD.

§ 1. **Book-keeping** is the recording of the dealings of a business, so as to measure its progress and know its condition.

§ 2. The original records, from which all information is gathered, are made in one book or more, as circumstances require, and consist of a clear statement of the transactions in the order of their occurrence.

§ 3. If the business is best served by a single book of original entry, its usual form is that of the **Day Book**, giving all the transactions in their order.

§ 4. In most kinds of business, however, it is found not only more convenient, but more simple and effective, to classify the transactions as they occur.

§ 5. This is done in separate books, such as the **Cash Book**, which contains the receipts and disbursements of cash; the **Sales Book**, showing the sales; the **Purchase Book**, showing the purchases, etc.

§ 6. Whatever may be the form of the original entry, the results of all transactions are finally gathered into the **Ledger**, which is the Book of Accounts.

ACCOUNTS.

§ 7. An **Account** is a collection of corresponding facts, under a proper title, so arranged as by comparison to show a definite result.

§ 8. The main results shown by accounts are: 1.—The investment; 2.—The cash on hand; 3.—Debts owed to the business; 4.—Debts owed by the business; 5.—The separate gains and losses.

EXAMPLES OF ACCOUNTS.

§ 9. The following are the forms of a few accounts, with a brief explanation of their use and the theory of their construction:

1.—FORM OF ACCOUNT SHOWING INVESTMENT.

[The investment is kept, usually under the proprietor's name—in some instances, under the title "Stock." On one side are placed the amounts invested, with the net profits, and on the other, the amounts withdrawn, with the net losses—the difference will be the net investment.]

PRINCIPLES STATED

Dr.	Withdrawals and Losses	Henry Wilson (Prop.)	Investments and Gains	Cr.	
Date	Transaction	Amount	Date	Transaction	Amount
Mar. 1	Cash	2000	May 1	Cash	10000
	Balance	10500	Dec. 31	Net gain	2500
		12500			12500
		Investment and net gain.....			12500
		Withdrawal			2000
		Net investment.....			10500

2.-FORM OF ACCOUNT SHOWING CASH ON HAND.

[The cash on hand is, necessarily, the difference between what has been received and what has been paid. The Cash Account is so constructed that this difference is readily discovered. On the one side are placed the receipts in their order, and on the other side the payments in their order. The sum of the payments deducted from the sum of the receipts will give the desired result—the cash on hand.]

Dr.	Received	Cash	Paid	Cr.	
Date	Transaction	Amount	Date	Transaction	Amount
189 -			189 -		
Jan. 1	From proprietor	5000	Jan. 3	For office expenses...	15 70
	2 For merchandise	127 50	4	For rent of store....	150
	4 On A's account.....	100 00	5	Int. on note.....	25 00
		5227 50		Balance	5036 80
		5227 50			5227 50
		Amount received.....	5227.50		
		Amount paid.....	190.70		
		Balance on hand.....	5036.80		

3.-FORM OF ACCOUNT SHOWING INDEBTEDNESS IN OUR FAVOR.

[A personal indebtedness, either for or against us, is, necessarily, the difference between what the person owes us and what we owe him. The account that shows this result will have on one side the items of debt in our favor, and on the other, the items of debt against us. The difference in the footings of the two sides will thus give the desired result.]

Dr.	Against him	Charles Fuller	In his favor	Cr.	
Date	Transaction	Amount	Date	Transaction	Amount
Mar. 10	Merchandise	97 50	Apr. 1	Cash	50
				Balance	47 50
		97 50			97 50
		In our favor.....			97.50
		Against us			50.
		Balance due us.....			47.50

EXAMPLES OF ACCOUNTS

4.—FORM OF ACCOUNT SHOWING INDEBTEDNESS AGAINST US.

[All personal accounts are alike in form, and in theory. The fact of indebtedness, for or against us, is established by the excess—one way or the other. If the Dr. side is the larger, the indebtedness is in our favor; if the Cr. side is the larger, the indebtedness is against us.]

Dr.		Against them		New York Guaranty Co.		In their favor		Cr.			
Date		Transaction		Amount		Date		Transaction		Amount	
Apr. 20		Cash		100		Apr. 12		Services		130	
		Balance		155		30		do.		125	
				255						255	
Against us.....				255							
In our favor.....				100							
Balance due them.....				155							

5.—FORM OF PERSONAL ACCOUNT SHOWING NO INDEBTEDNESS.

[When an account equals or balances, it ceases to exist, so far as having any present bearing on the business is concerned. Personal accounts are temporary in their nature; and when their ultimate purpose is served, they cease.]

<i>Dr.</i>		<i>Against him</i>	<i>Wm. H. Copcutt</i>		<i>In his favor</i>	<i>Cr.</i>	
Date		Transaction	Amount	Date		Transaction	Amount
July	1	Merchandise	45	July	30	Cash	45

6.—FORM OF ACCOUNT SHOWING GAIN.

[All accounts designed to show gain or loss, as the case may be, have on one side the cost of the commodity or enterprise represented, and on the other side the returns—the difference being the net gain or net loss.]

The following account represents the buying and selling of goods, and as the result is given before the goods are all sold, the value of the unsold portion is properly reckoned as "returns."

[illegible]

PRINCIPLES STATED

7.—FORM OF ACCOUNT SHOWING LOSS.

[This account represents dealing in real estate, and is of the same nature and governed by the same rules as the preceding. In the former case, the returns exceeded the cost, resulting in a gain; and in this, the cost exceeds the returns, resulting in a loss.]

<i>Dr.</i>			<i>Real Estate</i>			<i>Returns</i>			<i>Cr.</i>
Date		Transaction	Amount		Date		Transaction	Amount	
189									
May	12	House and lot.....	5000		May	30	Cash	4900	
	15	Repairs	125			"	Net loss.....	225	
			5125					5125	
			Cost.....					5125	
			Returns					4900	
			Loss.....					225	

EXERCISES IN ACCOUNT KEEPING.

§ 10. In the foregoing examples the purpose has been to present the ordinary forms as well as the important characteristics of Accounts. The headings of the columns are for the learner's information, and are not used in business. The columns are used, however, much in the way here shown. The "Date" and "Transaction" columns are not essential to the teaching of the account; and hence, in the Exercises which follow they are omitted.

§ 11. These simpler forms are for the purpose of relieving the student's mind of all considerations except those which relate to the science.

§ 12. To understand the Science of Accounts, it is first necessary to understand accounts themselves; and so, they are introduced, separately and circumstantially, divested of all non-essentials, and with such fullness of material as will fix them clearly in the mind.

§ 13. To distinguish this form of account from that in ordinary use it has been called the "Skeleton Account"; and the student is not likely to be misled into supposing it to be anything else.

§ 14. And that he may not be misled, the more adequate forms are introduced on the preceding pages.

§ 15. In the Exercises which follow the purpose is to present each account separately and independently, that it may be considered apart from any other account or any system of accounts.

§ 16. When each account is understood of itself, it will be quite soon enough to show its relation to other accounts.

§ 17. And the more effectually to carry out this plan it is suggested that the first records be made on separate slips of paper, each slip representing a separate account.*

* There is a great advantage in fixing the student's mind at once upon the *individual* character of accounts. The "*science* of accounts" is impossible without the fullest recognition of the individual account; hence, any device, by which the student is forced to consider each account as distinct from every other account, is worthy of serious thought.

EXERCISES IN ACCOUNT KEEPING

I. CASH ACCOUNT.

§18.—1. The Purpose. To show the dealings in cash, and *the amount of cash on hand*.

§19.—2. The Method. When cash is *received*, the amount is placed on the left or *debit* side; and when *paid*, the amount is placed on the right or *credit* side. The excess of the debit over the credit will be the *amount on hand*.

§20. SIMPLE FORM OF CASH ACCOUNT.

Items.—1. Received cash, \$15.75....2. Paid cash, \$5....3. Received, \$50....4. Paid, \$3.75....5. Paid, \$4.50....6. Paid, \$12....7. Received, \$15....8. Received, \$2.50....9. Paid, \$14.30....10. Paid, \$9....11. Paid, \$12.15.

RECORD:

Received		(1)	Paid	
Dr.	Cash			Cr.
No.	Amount	No.	Amount	
1	15 75	2	5	
3	50	4	3	75
7	15	5	4	50
8	2 50	6	12	
		9	14	30
		10	9	
		11	12	15
			60	70

Received, \$3.25 Paid, \$0.70 On hand, \$2.55

MATERIAL FOR PRACTICE.

§21. (FIRST SERIES.) Items.—1. Received cash, \$125....2. Paid cash, \$25.13....3. Paid, \$12.35....4. Paid, \$19.75....5. Received, \$119....6. Received, \$49.25....7. Paid, \$27....8. Paid, \$14.33....9. Paid, \$12.17....10. Received, \$13.50....11. Paid, \$14.75....12. Paid, \$93.75.

Required, balance of cash on hand.

§22. (SECOND SERIES.) Items.—1. Received cash from the proprietor, \$175....2. Received cash on account of Jones & Co., \$75....3. Paid cash for goods, \$29.12....4. Received cash for goods, \$182.35....5. Paid office boy, \$7....6. Paid for stationery, \$25....7. Received on J. Triplet's note, \$180....8. Received for goods, \$125....9. Paid salaries, \$112.50....10. Paid to proprietor, \$50....11. Received on Abram Stuart's account, \$37.50....12. Paid store rent, \$150.

Required, balance of cash on hand.

§23. (THIRD SERIES.) Items.—1. Cash invested by H. C. Conant (partner), \$1000....2. Cash invested by C. E. Carrol (partner), \$1200....3. Paid cash for merchandise, \$450....4. Received cash for merchandise, \$29.12....5. Received cash for merchandise, \$73.25....6. Paid cash for our note, \$300....7. Paid cash for interest due on mortgage, \$112.50....8. Paid cash for store rent, \$150....9. Received cash on Jones's account, \$102....10. Paid cash to H. C. Conant (partner), \$75....11. Borrowed cash on our note, \$490....12. C. E. Carrol (partner) drew cash on private account, \$50....13. Paid cash for insurance on goods, \$125....14. Received cash from H. C. Conant, \$200....15. Paid cash to book-keeper, \$100.

Required, balance of cash on hand.

PRINCIPLES STATED

§24. Debts owed *to* the business, and debts owed *by* the business are shown in accounts with persons under their proper names, and in accounts with notes and acceptances under the titles, Bills Receivable and Bills Payable.

II. PERSONAL ACCOUNTS.

§25.—1. **The Purpose.** To show our dealings with persons, and *what they owe us, or we owe them.*

§26.—2. **The Method.** All items *against the person* with whom we deal are placed on the *debit* side of his account, and all items *in his favor* are placed on the *credit* side. The difference will be the fact of debt for or against us. If the *debit* side is the larger, *the person owes us* the difference; and if the *credit* side is the larger *we owe the person* the difference. If the sides are equal, the indebtedness is, of course, canceled.

§27. SIMPLE FORM OF PERSONAL ACCOUNTS.

1. DEALINGS WITH C. H. FULLER.

Items.—1. Sold him goods for \$15.75....2. Received from him cash, \$10....3. Sold him goods for \$25....4. Sold him goods for \$18.75....5. Received his note for \$30.

2. DEALINGS WITH G. P. PUTNAM.

Items.—1. Bought goods of him at \$75....2. Bought goods of him at \$50....3. Paid him cash, \$25....4. Gave him our note for \$60.

RECORD:

Against him (2)			In his favor		
Dr.	C. H. Fuller		Cr.		
1	15	75	2	10	
3	25		5	30	
4	18	75		40	
	50	50			
Debits, 59.50			Credits, 40		

He owes us 19.50

Against him (3)			In his favor		
Dr.	G. P. Putnam		Cr.		
3	25		1	75	
4	60		2	50	
	85			125	
Credits, 125			Debits, 85		

We owe him 40

3. DEALINGS WITH C. M. DEPEW.

Items.—1. He owes us \$100....2. He buys goods of us at \$62.50....3. He pays us cash, \$50....4. He buys goods of us at \$37.50....5. He gives his note for \$150.

RECORD:

Against him (4)			In his favor		
Dr.	C. M. Depew		Cr.		
1	100		3	50	
2	62	50	5	150	
4	37	50		200	
	137				
Debits, 200			Credits, 200		

Canceled

EXERCISES IN ACCOUNT KEEPING

MATERIAL FOR PRACTICE.

§28. (FIRST SERIES.) Items.—1. Thomas Hunter owes us a balance of \$100....2. He buys of us on credit, goods amounting to \$27.50....3. He pays us cash, \$25....4. He borrows of us cash, \$50....5. He gives us his note to apply on account, for \$50....6. He pays a debt for us of \$75....7. He works for us four days for which we credit him \$8....8. He loans us cash, \$75....9. We sell him goods amounting to \$25.

Required, the balance of indebtedness for or against him.

§29. (SECOND SERIES.) Items.—1. We deposit in State Bank, \$375....2. We pay a bill by check on the Bank, \$25....3. The Bank collects a note for us, and credits us with the amount as a deposit, \$150....4. Paid for goods by check, \$19.75....5. Deposited, \$250....6. Paid for note by check, \$150....7. Bank pays for our note left for collection and charges amount to us, \$110.

Required, the balance in Bank.

§30. (THIRD SERIES—Four Separate Accounts.) Items.—1. Sold Robert Hall on credit, 3 brls. flour, at \$10 per brl., \$——....2. Bought on credit of A. T. Stewart, dry goods for \$127.50....3. Sold Peter Cooper on credit, merchandise for \$425....4. Received cash from Peter Cooper, \$150....5. Sold goods on Thomas Jones's order, for \$25....6. Borrowed cash of Thomas Jones, \$125....7. Paid cash on A. T. Stewart's order, \$127.50....8. Sold Robert Hall 20 bush. wheat, at 60 cents per bush., \$——....9. Sold Peter Cooper 20 brls. flour, at \$5.25 per brl., \$——....10. Bought of A. T. Stewart, dry goods for \$350....11. Sold merchandise on A. T. Stewart's order for \$200....12. Paid A. T. Stewart cash, \$150....13. Received cash from Peter Cooper, \$200....14. Gave Thomas Jones our order on Peter Cooper for the balance of his (Jones's) account, \$——*....15. Lent Robert Hall, \$75....16. Bought of Peter Cooper a set of double harness for \$350....17. Received Robert Hall's note for \$50.

Required, the standing of the several accounts.

§31. Notes and acceptances are written evidences of debt. A NOTE is a direct promise to pay a certain sum of money at a certain time; and an ACCEPTANCE is a similar promise in a different form.†

§32. Other people's notes and acceptances which come into our hands are called Bills *Receivable* because we are to *receive* the amount stipulated therein; and our notes and acceptances which pass into other people's hands are called Bills *Payable* because we are to *pay* the amount stipulated. Thus Bills *Receivable* account will show what others owe us on written promises, and Bills *Payable* account will show what we owe others on written promises.

III. BILLS RECEIVABLE ACCOUNT.

§33.—1. The Purpose. To show our dealings in other people's notes and acceptances, and *the amount of such notes and acceptances on hand.*

§34.—2. The Method. When other people's notes or acceptances are *received* the amount of the face is entered on the *debit* side of the account, and when paid, or *disposed of*, the amount is entered on the *credit* side of the account. The *difference*, if any, will be the *amount of other people's paper on hand.*

§35. SIMPLE FORM OF BILLS RECEIVABLE ACCOUNT.

Items.—1. Received J. Phillip's note, in payment of account, for \$375....2. Received Charles Jones's note for \$150....3. Disposed of Phillip's note, \$——....4. Received Samuel Felton's acceptance, in payment for goods, \$215....5. Charles Jones pays his note, \$——.

* In this case the person who owes us pays the person whom we owe. The former should be credited, and the latter debited.

† See illustrations on page 27.

PRINCIPLES STATED

RECORD:

Received

(5)

Disposed of

Dr. <u>Bills Receivable</u> Cr.					
1	375		3	375	
2	150		5	150	
4	215			830	
	740				

Received, 740 Disposed of, 525 On hand, 215

MATERIAL FOR PRACTICE.

§36. (FIRST SERIES.) Items.—1. We have on hand F. Luick's note of \$250....2. Received Smith & Co.'s acceptance in payment for goods, \$149.50....3. Received H. Seymour's note to apply on his account, \$75....4. F. Luick pays his note, \$.....5. Sold H. Seymour's note, \$.....6. Received H. Potter's note in settlement of account, \$157.40....7. Exchanged H. Potter's note for goods, \$.....8. Received of J. Cuyler, in settlement of account, P. Cooper's acceptance for \$250....9. Smith & Co. have paid on their acceptance \$50....10. Sold merchandise to J. Sizer, receiving his note therefor, for \$110.

Required, the amount of business paper on hand.

§37. (SECOND SERIES.) Items.—1. Have on hand the following paper: H. Cornell's note of \$500; P. Dickson's acceptance of \$75; B. Horton's acceptance of \$125 (enter separately). . . . 2. Sold C. Randall merchandise, and received his note for \$117.50. . . . 3. Gave P. Dickson's acceptance in part payment for goods, \$———. . . . 4. Received of B. Wise, to apply on his account, his note for \$175. . . . 5. Sold B. Horton's acceptance, \$———. . . . 6. Exchanged notes with Robert Paine for our mutual accommodation, \$200. . . . 7. Received Robert Anderson's note in payment for goods, \$75. . . . 8. Sold Albert Pike merchandise, and received his note for \$100 in part payment. . . . 9. Received cash for Robert Paine's note, \$———.

Required, the notes and acceptances on hand.

§38. (THIRD SERIES.)* Items.—1. Sold merchandise to G. Wakeman for \$200, receiving his note at 30 ds. in payment....2. Received of James Parton, his note at 10 ds. in full of his account, \$129....3. Sold Wakeman's note of \$200 at a discount; receiving cash, \$199.33; discount off, \$0.67....4. Bought H. P. Bryant's note of \$400, due in 3 months, at a discount of \$6. Paid net cash, \$394....5. Paid cash, less discount, for the following notes: J. Smith's, having 20 ds. to run, \$300—discount off, \$1; C. E. Stuart's, 15 ds. to run, \$275—discount off, \$0.69; J. H. Pollock's, 17 ds. to run, \$350—discount off, \$1.05....6. Received cash for J. Smith's note, now due, \$———....7. Paid out C. E. Stuart's note, to apply at face value on J. Rantoul's account, \$———....8. Received Jas. Sullivan's note, at 30 ds., in full of account, \$210....9. Paid cash for Andrews & Co.'s acceptance of \$400, favor of G. A. Gaskell, at 30 ds.—discount allowed, \$2....10. J. Parton pays his note of \$129 in cash, with the accumulated interest thereon of \$3.50.

Required, the notes and acceptances on hand.

IV. BILLS PAYABLE ACCOUNT.

§ 39.—1. **The Purpose.** To record our issues of notes and our acceptances of drafts with payments of same, so as to show, at any time, our *outstanding paper*.

§40.—2. The Method. When we *issue* a note, or *accept* a draft, the face or amount of such paper is entered on the *credit* side of the account, and when we *redeem* such paper its face or amount is entered on the *debit* side of the account. The difference, if any, will express *the amount of paper we have outstanding*.

* The amounts to be entered in Bills Receivable account appear in *italics*.

EXERCISES IN ACCOUNT KEEPING

§41. SIMPLE FORM OF BILLS PAYABLE ACCOUNT.

Items.—1. Issued our note to Peter Cooper for \$300....2. Gave our note in payment for goods, \$175....3. Accepted Jones's draft for \$150....4. Paid our note, \$175....5. Issued note to G. West for \$250....6. Issued note to P. Roberts for \$100....7. Paid our acceptance, \$150.

RECORD:

Redeemed		(6)		Issued	
Dr.		Bills Payable		Cr.	
			1	300	
	175		2	175	
4			3	150	
7	150		5	250	
	3 1 6		6	100	
				9 7 6	
Issued, 975		Redeemed, 325		Outstanding, 650	

MATERIAL FOR PRACTICE.

§42. (FIRST SERIES.) Items.—1. We have the following outstanding obligations: Note in favor of John Jones for \$300; note in favor of S. Whitney for \$150; acceptance, favor of Thomas Stevens, for \$450....2. Bought merchandise of H. Clark, and gave our note for \$475....3. Received of John Brown, in part payment for goods, our note, favor of John Jones, \$300....4. Paid cash for our note, favor of S. Whitney, \$——....5. Gave our note to P. Morton, in settlement of account, \$175....6. Accepted Peter Cooper's draft for \$200....7. Bought goods of P. Shaft, giving in part payment our note for \$375.

Required, the amount of our outstanding paper.

§43. (SECOND SERIES.) Items.—1. Bought goods of C. C. Bowen, giving our note for same, \$375....2. Accepted J. Smith's draft to apply on our account, \$125....3. Exchanged notes with George Bancroft, for our mutual accommodation, \$1000....4. Sold merchandise to A. Brown, receiving therefor our note, favor of C. C. Bowen, \$.....5. Accepted Chas. Randall's draft, at 10 ds., to apply on our account, \$250....6. Sold goods to A. J. Rider for \$1500, receiving in part payment therefor, our note, favor of George Bancroft, \$.....; cash for balance....7. Bought of Stewart & Co., on our note at 30 ds., goods for \$350....8. Paid our acceptance, favor of Chas. Randall, in cash, \$.....9. Bought goods of Peake, Opdyke & Co., amounting to \$675. Paid cash, \$425; our note at 30 ds. for balance, \$.....

Required, our outstanding paper.

§44. (THIRD SERIES.) Items.—1. Have the following outstanding notes: one in favor of Smith & Bailey, due in one month, for \$635; one, favor of Thomas Acton, due in 17 days, for \$500.... 2. Bought goods of White & Taylor for \$1500; paid cash, \$375; our note at 3 months for balance, \$————. 3. Sold goods to Jones & Smith for \$720; received in part payment, our note, favor of Smith & Bailey, for \$————; cash for balance.... 4. Exchanged notes with Thomas Horton, for our mutual accommodation, each at 30 ds., for \$150.... 5. Redeemed our note, favor of White & Taylor, now due, in cash, \$————. 6. Sold goods to J. Woolson, receiving in full payment our note, favor of Thomas Acton, \$————. 7. Bought goods of Jaffray & Co. for \$575; paid cash, \$175; our note at 30 ds. for balance, \$————. 8. Accepted Benj. Wise's draft at 30 ds., to apply on account, \$150.... 9. Paid cash for our accommodation note, favor of Thomas Horton, \$————; less discount for 15 ds., \$0.38.... 10. Redeemed our note, favor of Jaffray & Co., before due, \$————, paying cash for same, less discount for 20 ds., \$3.33.

Required, our outstanding paper.

PRINCIPLES STATED

§45. The purpose of business is to acquire wealth, and business enterprises are undertaken and pursued to this end. All such enterprises, however, are attended with more or less risk, and oftentimes the effort put forth to *gain* results in *loss*.

§46. Hence, accounts which exhibit the progress of the business must be susceptible of showing either a gain or a loss. As in Cash Account, *receipts* and *payments* are placed against and cancel each other—the difference being the cash on hand, so in these accounts of the business, *cost* and *returns* oppose each other—the difference being the *gain* or *loss*.

§47. The accounts used to mark these enterprises are various, as the enterprises themselves are various, and the names of the accounts are generally significant of the operations grouped under them. In a business of buying and selling goods, *Merchandise* account is commonly used; in a manufacturing business, *Manufacturing* or *Manufactures* account; in a professional business, *Service* or *Labor*; in a commission or agency business, *Commission*, etc., etc.

§48. The accounts which follow are all of this class; and while they, by no means, embrace the entire list, they are intended to be fairly representative of the class.

V. MERCHANDISE ACCOUNT.

§49.—1. **The Purpose.** To show our dealings in merchandise, and the results of such dealings *as to gain or loss*.

§50.—2. **The Method.** When goods are *purchased*, or any *cost is incurred* for which merchandise is chargeable, the account should be *debited* with the *cost*; and when goods are *sold*, or when they *produce value* in any way, the account should be *credited* with the *returns*. When the property is all disposed of, the difference between the sides of the account, as it stands, will be the *gain* or *loss*. If it is desired to show, in the account itself, the gain or loss before *the goods are all disposed of*, it will be necessary to add to the credit side of the account the present market value of the unsold goods, or what it would cost to replace them.

§51. SIMPLE FORM OF MERCHANDISE ACCOUNT.

Items.—1. Bought goods of Simpson & Co. for \$500....2. Bought goods of James McCreery & Co. for \$950....3. Sold goods to Isaac Moore for \$137.50....4. Sold goods for cash, \$75....5. Sold goods for cash, \$37.50....6. Sold goods to A. S. Hewitt for \$129.50....7. Value of unsold goods, \$1169.50.

RECORD:	Cost	(7)	Returns
Dr.	<i>Merchandise</i>		Cr.
1	500	3	137 50
2	950	4	75
	1450	5	87 50
		6	129 50
		7	1169 50
			1450
			Gain, 99

MATERIAL FOR PRACTICE.

§52. (FIRST SERIES.) **Items.**—1. Bought goods, on account, of J. M. Stuart, \$750....2. Paid cash for freight and cartage on above goods, \$75....3. Sold goods to J. Jones for cash, \$125....4. Sold goods to Kellogg & Co., on account, \$47.50....5. Sold goods to John Codman, receiving his note

EXERCISES IN ACCOUNT KEEPING

therefor, \$150....6. Bought goods of James McCreery & Co., giving our note for same, \$1259.75....7. Paid cash for insurance on goods, \$12.50....8. Sold goods for cash, as per petty cash-book, \$35.19....9. Value of unsold goods, \$1789.56.

Required, the gain or loss.

§53. (SECOND SERIES.) **Items.**—1. Bought for cash, 200 brls. flour, at \$5 per brl., \$———2. Bought on our note at 30 ds., 500 bush. wheat, at 75 cents, \$———3. Sold for cash, 50 brls. flour, at \$5.50, \$———4. Paid cash for storage, \$50*....5. Paid cash for clerk hire, \$25....6. Sold for cash, 100 bush. wheat, at 87½ cents, \$———7. Sold B. Hill on his note at 10 ds., 150 bush. wheat, at 86½ cents, \$———8. Goods unsold, as follows: 250 bush. wheat, worth 87½ cents per bush., \$218.75; 150 brls. flour, worth \$5.50 per brl., \$825 — \$1043.75.

Required, the gain or loss.

§54. (THIRD SERIES.) **Items.**—1. Merchandise on hand, \$3750†....2. Bought of Arnold & Constable on account, invoice of silks, at \$1500....3. Sold for cash, 40 yds. silk, at \$2, \$———4. Sold for cash, bill of hosiery and domestics, amounting to \$125....5. Sold for cash, bill of fancy goods, at \$212.50....6. Sold J. Mott, on account, bill of assorted dry goods, amounting to \$318.75....7. Paid cash for insurance premium, covering goods in store, \$50....8. Bought for cash, 53 pcs., 2500 yds., prints, at 5½ cents per yd., \$———9. Sold for cash, 512 yds. prints, at 7 cents, \$———10. Bought for cash, 3 cases, 2500 yds., gingham, at 12½ cents, \$———11. Sold for cash, 317 yds. gingham, at 14 cents, \$———12. Sold John Brown on his note at 10ds., 750 yds. prints, at 7½ cents, \$———13. Goods on hand valued at \$3800.

Required, the gain or loss.

VI. REAL ESTATE ACCOUNT.

§55.—1. **The Purpose.** To show our dealings in and on account of real estate.

§56.—2. **The Method.** The account is *debited* for all *costs* and *credited* for all *returns*; the difference between the sides, *when all the facts are shown*, will be the *gain or loss*.

[NOTE.—The *costs* of real estate cover not only purchases but all subsequent expenditures for improvements, etc.; and the *returns* cover not only sales but income from rents and the real value of the property on hand.]

§57. SIMPLE FORM OF REAL ESTATE ACCOUNT.

Items.—1. Bought house and lot in Seventieth St. for \$35000....2. Paid for repairs on same, \$1500....3. Paid for insurance, \$10....4. Paid for taxes, \$317.50....5. Received for rent, \$3000....6. Sold the property for \$37500.

RECORD:

Cost			Returns		
Dr.	Real Estate		Cr.		
1	35000		5	3000	
2	1500		6	37500	
3	10			•••••	
4	317 50				
	•••••	50			
Returns, 40500			Cost, 36827.50 Gain, 3672.50		

* Items of expense, like this and the succeeding, are sometimes charged to a separate account, but as they are a part of the general *cost* of merchandise, they are, in this instance, properly charged to Merchandise Account.

† The merchandise on hand at the beginning of business should be regarded the same as a purchase, and charged at its purchase value.

PRINCIPLES STATED

MATERIAL FOR PRACTICE.

§58. (FIRST SERIES.) **Items.**—1. Bought tenement property in Spring St. for \$4000....2. Bought house and lot in Banks St. for \$1500....3. Paid for repairs on Spring St. house, \$200....4. Received cash for rent of Spring St. house, \$375....5. Paid water tax on Banks St. house, \$15....6. Paid for repairs, Banks St. house, \$33.75....7. Paid taxes, Spring St. house, \$417.50....8. Paid for insurance on both houses, viz.: Spring St., \$75; Banks St., \$25....9. Received for rent of Banks St. house, \$1200....10. Received for rent of Spring St. house, \$2500....11. Value of Spring St. property, \$42500; of Banks St. property, \$12500.

Required, the gain or loss.

§59. (SECOND SERIES.)* **Items.**—1. Have on hand, store building in Tremont St., worth \$90000; dwelling house in Beacon St., worth \$25000....2. Bought warehouse property on Charles River for cash, \$150000....3. Received cash for rent of Beacon St. house, \$125....4. Paid cash for insurance on warehouse, \$750....5. Received cash for rent of warehouse, one month, \$100....6. Paid taxes on Tremont St. property, \$575....7. Received cash for rent of Tremont St. stores, \$2000....8. Received cash for rent of offices, Tremont St. building, \$1500....9. Warehouse consumed by fire; received cash in settlement of losses, \$75000....10. Estimated value of Beacon St. property, \$25000; of Tremont St. building, \$65000; of lot on Charles River, \$64000.

Required, 1st, the gain or loss on the property as a whole; 2d, the gain or loss on each piece.

§60. (THIRD SERIES.) **Items.**—1. We own the following property: farm in Dutchess County, with improvements, worth \$20000; dwelling house in East Seventy-third St., worth \$30000; stock farm near Trenton, N. J., worth \$25000—total, \$75000....2. Paid cash for fertilizers for Dutchess County farm, \$150....3. Paid cash for help, Dutchess County farm, \$75....4. Paid plumber's bill for Seventy-third St. house, \$125....5. Received cash for pasturage, stock farm, \$150....6. Paid cash for insurance, Seventy-third St. house, \$25....7. Paid cash for farming implements, Dutchess County farm, \$37.50....8. Paid cash for yoke of oxen Dutchess County farm, \$150....9. Received cash for rent, Seventy-third St. house, \$750....10. Paid cash for repairing fences, stock farm, \$17.50....11. Paid cash for blacksmith's bill, Dutchess County farm, \$28....12. Received cash for horse board, stock farm, \$259....13. Sold produce for cash, Dutchess County farm, \$317....14. Sold Seventy-third St. house for cash, \$35000....15. Paid cash for stable repairs, stock farm, \$75....16. Received cash for produce, Dutchess County farm, \$513.75....17. Received cash for horse board, stock farm, \$432.50....18. Estimated value of stock farm, \$22000....19. Estimated value of Dutchess County farm and appurtenances, \$20000.

Required, the gain or loss on each enterprise.

VII. SHIPMENT, OR ADVENTURE ACCOUNT.

§61.—1. **The Purpose.** To show *the gain or loss* on goods sent away to be sold on account of the shipper.

§62.—2. **The Method.** When the goods are shipped, or expense is incurred, the account is *debited* with the *cost*, and when an account of the sales is received it is *credited* with the *returns*. The difference will be the *gain* or *loss*.

§63. SIMPLE FORM OF SHIPMENT ACCOUNT.

Items.—1. Shipped goods from store to Jackson & Co., Philadelphia, to be sold on our account, at a cost of \$1575....2. Shipped from store to Justin & Poole, Boston, for our account, 5 hhds. sugar, at a cost of \$1042.50....3. Bought for cash and shipped Simpson & Mead, Toronto, for our account, 15 brls. mess pork, \$315; paid freight on same, \$35 = \$350....4. Received an account of the sales of Philadelphia shipment; net

* These transactions may be placed to one account, *Real Estate*, or to separate accounts, as *Tremont St. Store*, *Beacon St. House*, etc. Both plans are suggested.

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proceeds remitted, \$1750....5. Shipped Brown & Co., Jacksonville, from store, consignment of pork, at a cost of \$543.75....6. Received account of sales of shipment to Toronto, the net proceeds of which are \$317.50....7. The two shipments remaining unsold are valued at cost.

[NOTE.—These items involve four Shipment Accounts, two of which only are illustrated.]

RECORD:

Cost		(9)		Returns	
Dr. <i>Shipment to Philadelphia</i> Cr.					
1	1575			4	1750
Returns, 1750		Cost, 1575		Gain, 175	

Cost		(10)		Returns	
Dr. <i>Shipment to Boston</i> Cr.					
2	1042	50		7	1042
		Canceled		50	

MATERIAL FOR PRACTICE.

§64. (FIRST SERIES.) **Items.**—1. Shipped from our stock to Paul Brown, Boston, 25 boxes cheese, 850 lbs., at 20 cents, \$170; paid freight on same in cash, \$12.50, \$———2. Shipped Jacob Sterne, Portland, from our stock, 20 kegs Ohio butter, 1490 lbs., at 35 cents, \$521.50....3. Paid cash for insurance on shipment to Portland, \$5.21....4. Received account of sales of shipment to Boston, the net proceeds of which are \$152.50....5. Bought for cash and shipped Hazzard & Brown, St. Louis, 15 hhds. molasses, 1775 gals., at 80 cents, \$———6. Paid cash for insurance and freight on shipment to St. Louis, \$27.50....7. Received account of sales of shipment to Portland, the net proceeds of which are stated at \$659.50....8. The molasses shipped to St. Louis was destroyed *en route*, by the burning of the freight car; received in cash from Insurance Co. the amount called for on our policy, \$1000.

Required, the gain or loss on the several shipments.

§65. (SECOND SERIES.) **Items.**—1. Shipped from store to G. Cleveland & Co., Buffalo, for our account, 15 hhds. sugar, 14000 lbs., at 5½ cents, \$770; 15 tierces rice, 7500 lbs., at 4 cents, \$300; 20 bags coffee, 1670 lbs., at 15 cents, \$250.50; freight on same, \$175—total, \$———2. Shipped G. Cleveland & Co., Buffalo,* for our account, 12 hhds. N. O. molasses, 720 gals., at 42 cents, \$302.40....3. Bought for cash, and shipped Bannister & Cross, Philadelphia, for our account, 20 kegs Orange Co. butter, 1500 lbs., at 29 cents, \$435....4. Paid cash for freight on above shipment, \$10....5. Paid cash for insurance, *in transitu*, on shipments to Buffalo, \$14....6. Received an account of the shipments to Buffalo, the net proceeds, held by consignee, being \$2275....7. The value of the property shipped to Philadelphia is estimated at cost.

Required, the gain or loss on the several shipments.

VIII. COMMISSION AND SERVICE ACCOUNT.

§66.—1. **The Purpose.** To show the returns from personal services.

§67.—2. **The Method.** Usually, the entries will be on the credit side alone, as the result of a service to the person rendering it should be a *gain*, if anything. There may be offsets, however, which should appear on the debit side. When services produce *returns*, the account should be *credited*, and when they subject us to *cost*, it should be *debited*. The difference will ordinarily be a *gain*, but may possibly be a *loss*.

[It may seem anomalous that one can *lose* by rendering service; and yet such a thing is possible. The intent, and the legitimate outcome of service, however, is to gain.]

* Let the different shipments to this firm be entered in one account under the head of "Shipments to Buffalo."

PRINCIPLES STATED

§68. SIMPLE FORM OF SERVICE ACCOUNT.

[THE BUSINESS OF A DOCTOR.]

Items.—1. Received cash for professional services, \$37.50....2. Paid cash for instruments, \$5....3. Received cash for surgical operation and attendance, \$117.50....4. Paid cash for office boy's services, \$10....5. Rendered bill to John Drew for attendance on family, \$93.75....6. Paid cash for horse board, \$30....7. Received cash during the week for office practice, \$125....8. Paid cash for medicines, \$25....9. Received cash for medical attendance, \$59.75....10. Paid cash for office rent, \$50.

RECORD:
(11)
Returns

Dr. _____ Profession _____ Cr.	
2	5
4	10
6	30
8	25
10	50
	125
	59
	75
	433
	50

Returns, 433.50
Cost, 120
Gain, 213.50

MATERIAL FOR PRACTICE.

§69. (FIRST SERIES.) THE BUSINESS OF A LAWYER. **Items.**—1. Received cash as retaining fee in the case of Rollins vs. French, \$50....2. Paid amanuensis cash, \$25....3. Received cash in full for services in the Jones will case, \$975....4. Paid office rent, \$50....5. Paid cash for attorney's assistance, \$75....6. Received cash in full for services in Rollins vs. French, \$375....7. Paid cash for copy of Revised Statutes, \$7....8. Paid cash for stationery, \$17.50....9. Received cash for services in searching title and drawing up deeds, \$75.

Required, the net returns.

§70. (SECOND SERIES.) THE BUSINESS OF A REAL ESTATE AGENT. **Items.**—1. Received cash of Mrs. Folke, commission for selling her house in West Nineteenth St., \$125....2. Paid cash for stationery, \$6.50....3. Paid cash to office boy, \$5....4. Received cash, commission for renting house in Fifth Ave., \$67.50....5. Received cash, commission on auction sales, \$117.50....6. Paid lawyer's fees, \$20....7. Rented Goldsmith's house in West Tenth St., for which he owes us commission, \$90....8. Received cash for my percentage on collections this week, \$210....9. Received cash for making out conveyance, \$17.50....10. Paid gas bill in cash, \$7....11. Received cash, commission for sale of building lot on Western Boulevard, \$57.

Required, the net returns.

IX. INTEREST ACCOUNT.

§71.—1. The Purpose. To show the *gain* from lending and the *loss* from borrowing money.

§72.—2. The Method. When we use other people's money we *pay* for the use, and when other people use our money we *get paid* for the use. In the first case, interest *costs* us value, and in the second, interest produces or *returns* us value. When we *pay* for interest we *debit* the account, and when we *get paid* we *credit* it. The difference between the sides will thus, at any time, show the gain or loss.

§73. SIMPLE FORM OF INTEREST ACCOUNT.

Items.—1. Paid cash for our note of \$2000, favor of John Mills, and for interest thereon, \$75.60....2. Paid cash for our note of \$1000, due 60 ds. hence, less interest

EXERCISES IN ACCOUNT KEEPING

thereon, \$10*-----3. Received cash for stated interest due on note, \$19.50----4. Received cash for interest on Government bonds, \$150----5. Paid cash for our note of \$1000, due in 45 ds.; allowance for discount, \$15†----6. Received cash for Jones's note of \$5000, due in 60 ds., less discount for the time, \$50‡----7. Bought for cash, Stuart's note of \$4000, due in 70 ds., at a discount of \$46.67.§

RECORD:			(12)		
Cost			Returns		
Dr.			Interest		
Cr.					
1	75	60	2	10	
6	50		3	19	50
	1 2 6	0 0	4	150	
			5	15	
			7	46	67
				3 4 1	1 7
Returns, 241.17			Cost, 125.60		
			Gain, 115.57		

MATERIAL FOR PRACTICE.

§74. (FIRST SERIES.) **Items.**—1. We have on hand notes upon which interest has accumulated, as follows: P. Jones's note of \$5000, interest, \$75; H. Durand's note of \$1500, interest, \$50]----2. Bought for cash, Hiram Power's note of \$3000, due in 60 ds., at a discount of \$30----3. Sold for cash, P. Jones's note of \$5000, with interest on same, \$90----4. Received cash for our note of \$10000, due in 90 ds., less discount for the time, \$150¶----5. H. Durand paid for his note of \$1500, and interest thereon, \$80----6. Received cash for interest on Government bonds, \$175----7. Paid cash for semi-annual interest on mortgage, \$30.

Required, the gain or loss.

§75. (SECOND SERIES.) **Items.**—1. Have on hand the following notes with accumulated interest, as stated: John Seaman's of \$2000, interest, \$17.50; Robert Holt's of \$1500, interest, \$10.30; James Harrington's of \$3000, interest, \$14.75----2. Bought for cash, J. Simpson's note of \$2500, due in 90 ds., at a discount of \$37.50----3. Received cash for Robert Holt's note, \$1500, and interest on same, \$19.30----4. Got our note of \$2000 discounted for 30 ds., receiving cash for the face, less interest for the time, \$10----5. Paid cash for interest on mortgage, \$27.50----6. Received credit for interest on balance in savings bank, \$62.50----7. Paid net cash in full of J. Astor's account of \$1500, due 3 months hence; abatement for interest, \$22.50----8. Received cash for John Seaman's note of \$2000, and interest on same, \$32----9. We hold James Harrington's note of \$3000, on which there is accumulated interest of \$25**----10. We hold J. Simpson's note of \$2500, having 30 ds. to run; the interest for that time is \$12.50.††

Required, the gain or loss.

* If we pay a note before it is due, the person to whom the money is paid *has the use* thereof for the unexpired time, and *pays us* for it in *abatement* of the amount payable at due date.

† At the end of 45 days, when our note is due, we are to pay for it \$1000. By paying for it now, surrendering the use of our money for 45 days, we get an abatement, or *discount*, of \$15—really *receive* \$15 for interest.

‡ This note pledges to us \$5000 in 60 days. As we want the money *now*, we are required to pay for the use of it for the unexpired time, the interest rate, \$50. Hence, interest costs us \$50.

§ This transaction is similar to that of the 5th, the only difference being that in the previous case we discount our own note, and in this we discount another's. In both instances we get paid for the use of our money.

¶ Interest Account should be debited with these amounts for the same reason that Merchandise Account is debited with the value of merchandise on hand at the beginning of business. The transaction is equivalent to buying the notes with interest added.

¶ We paid \$150 for the use of \$3850, ninety days.

** This item should be entered as inventory on the credit side of the account.

†† We have already credited Interest, the full discount on this note for 90 days, \$37.50. There are 30 days yet unexpired, and we should, therefore, debit the account with the interest for this time.

PRINCIPLES STATED

X. SECURITIES ACCOUNT.

§76.—1. **The Purpose.** To show the gain or loss from dealing in securities.*

§77.—2. **The Method.** When *stocks* or *bonds* are bought, or cost anything, the account should be debited with the *cost*, and when sold, or when they produce value in any way, the account should be credited with the *returns*. The difference will be the *gain or loss*.

§78. SIMPLE FORM OF SECURITIES ACCOUNT.†

Items.—1. Have on hand 4000 U. S. Registered 3's,‡ at 101½, \$4060; 1000 Michigan Central Stock, at 95, \$950—total, \$5010....2. Bought for cash, 200 Mutual Un. Tel. Stock, at 21½, \$43; 1000 St. Paul & Duluth (preferred), at 93, \$930—total, \$973....3. Sold for cash, 500 St. Paul & Duluth (preferred), at 94½, \$472.50....4. Bought for cash, 1000 N. Y. Central R. R. Stock, at 126½, \$1265....5. Received cash dividend on Michigan Central Stock, 4 per cent, \$40....6. Sold for cash, Michigan Central R. R. Stock, 1000, at 96½, \$965....7. Bought for cash, 2500 Oregon Improvement Mortgage Bonds, at 90, \$2250....8. Sold for cash, 200 Mutual Un. Tel. Stock, at 23, \$46....9. Have remaining on hand, 4000 U. S. Registered 3's, worth 102, \$4080; 1000 N. Y. Central Stock, worth 124, \$1240; 500 St. Paul & Duluth (preferred), worth 96, \$480; 2500 Oregon Improvement Mortgage Bonds, worth 91, \$2275—total, \$8075.

RECORD:	Cost	(13)	Returns																								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: right;">Dr.</td> <td style="width: 80%; text-align: center;"><i>Securities</i></td> <td style="width: 10%; text-align: left;">Cr.</td> </tr> <tr> <td style="text-align: right;">1</td> <td style="text-align: right;">5010</td> <td style="text-align: right;">3</td> </tr> <tr> <td style="text-align: right;">2</td> <td style="text-align: right;">973</td> <td style="text-align: right;">5</td> </tr> <tr> <td style="text-align: right;">4</td> <td style="text-align: right;">1265</td> <td style="text-align: right;">6</td> </tr> <tr> <td style="text-align: right;">7</td> <td style="text-align: right;">2250</td> <td style="text-align: right;">8</td> </tr> <tr> <td style="text-align: right;">.....</td> <td></td> <td style="text-align: right;">9</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">8075</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">.....</td> </tr> </table>	Dr.	<i>Securities</i>	Cr.	1	5010	3	2	973	5	4	1265	6	7	2250	8		9			8075					
Dr.	<i>Securities</i>	Cr.																									
1	5010	3																									
2	973	5																									
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7	2250	8																									
.....		9																									
		8075																									
																										
			472 50																								
			40																								
			965																								
			46																								
																										
																										

Returns, \$468.50	Cost, \$468	Gain, 100.50
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Returns, \$666.50 Cost, \$4060 Gain, 100.50

§79. Instead of keeping a general Securities Account, separate accounts may be kept with each class of securities. The following examples will show this method. [The items are the same as those used in the general account.]

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: right;">Dr.</td> <td style="width: 80%; text-align: center;"><i>U. S. Registered 3's</i></td> <td style="width: 10%; text-align: left;">Cr.</td> </tr> <tr> <td style="text-align: right;">1</td> <td style="text-align: right;">4060</td> <td style="text-align: right;">9</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4080</td> </tr> </table>	Dr.	<i>U. S. Registered 3's</i>	Cr.	1	4060	9			4080	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: right;">Dr.</td> <td style="width: 80%; text-align: center;"><i>Mut. Un. Tel. Stock</i></td> <td style="width: 10%; text-align: left;">Cr.</td> </tr> <tr> <td style="text-align: right;">2</td> <td style="text-align: right;">43</td> <td style="text-align: right;">8</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">46</td> </tr> </table>	Dr.	<i>Mut. Un. Tel. Stock</i>	Cr.	2	43	8			46
Dr.	<i>U. S. Registered 3's</i>	Cr.																	
1	4060	9																	
		4080																	
Dr.	<i>Mut. Un. Tel. Stock</i>	Cr.																	
2	43	8																	
		46																	

* By *securities* is meant any form of written guarantee for the payment of money. These are of various kinds, and may include even promissory notes and acceptances; but the class of securities *dealt in* are usually the issue, either in the form of stocks or of bonds of incorporated companies. The distinction between stocks and bonds is an important distinction; stocks are the proprietary shares of corporate enterprises, representing the invested capital, and depending for income upon the financial success of the enterprises, while bonds are the bills payable of the corporation issued to guarantee the payment of borrowed money, with interest thereon. Thus, the income from shares or stocks is through the earnings of the business in form of dividends; and the income from bonds is in the shape of interest. Securities are bought and sold on speculation, the same as merchandise and other commodities.

† Examples are here given, first of a general Securities Account, and next, of separate accounts, under distinctive titles, of the several securities.

‡ "U. S. Registered 3's" are the 3 per cent. Registered Bonds of the Government. The nominal value is \$4000; the real value, at 1¼ per cent. premium, \$4060.

EXERCISES IN ACCOUNT KEEPING

<i>Dr. Mich. Central Stock Cr.</i>					
1	950		5	40	
			6	965	

MATERIAL FOR PRACTICE.

§80. **Items.**—1. Bought for cash, 1000 Chicago & Alton R. R. Stock, at 129½, \$1295....2. Bought for cash, 2500 Missouri Pacific R. R. Stock, at 99½, \$2490.62....3. Sold B. Scott, on account, 500 Chicago & Alton, at 131½, \$656.25....4. Bought of Roberts & Co., on account, 1500 Delaware & Hudson Canal, at 107½, \$1612.50....5. Received cash dividend of 4 per cent. on 2500 Missouri Pacific, \$100....6. Bought for cash, 2000 Delaware & Hudson Canal, at 106, \$2120....7. Bought for cash, 2000 Chicago & Alton, at 132, \$2640....8. Sold for cash, 3500 Delaware & Hudson Canal, at 102½, \$3587.50....9. Bought, on our note at 10 ds., 2500 Georgia Central (guaranteed) First Mortgage Bonds, at 111, \$2775....10. Received cash for semi-annual interest on Georgia Central First Mortgage, 3½ per cent. on \$2500, \$87.50....11. Sold for cash, 1500 Georgia Central First Mortgage, at 113, \$1687.50....12. Bought for cash, 3000 Met. Elevated R. R. Stock, at 85, \$2550....13. Sold J. Paton, on his note at 30 ds., 1500 Met. Elevated, at 83½, \$1252.50....14. Received semi-annual cash dividend of 5 per cent. on 1500 Met. Elevated, \$75....15. Sold for cash, 1500 Met. Elevated, at 87½, \$1312.50....16. Have on hand, 2500 Chicago & Alton, worth 129; 1000 Georgia Central (preferred), worth 117½; 2500 Missouri Pacific, worth 97½.

Required, the gain or loss on the securities as a whole, and on the separate classes.

XI. INCIDENTAL ACCOUNTS.

§81. The purposes of business often require the keeping of separate accounts with the various departments of outlay or expense, embracing items which belong to, and are a part of, the main business account; such, for instance, as rent, clerical or other labor, office expenses, fixtures, commission (causing outlay), interest (when it is an expense), etc. Sometimes these items, or the most of them, are brought into one account, Expense; and unless there are particular reasons for keeping them separate, this is a proper course to pursue. The Expense Account is thus an account of convenience, and may be said, in general terms, to contain *items of expenditure not charged to any other account.*†

§82. There are cases, also, where a general Expense Account would seem to be absolutely necessary—such, for instance, as in a business having co-ordinate departments or divisions, and where such items as rent, salaries, gas, and stationery apply to all the departments without the means of knowing at the time what would be an equitable apportionment. It is customary, under such circumstances, to keep a general Expense Account during the running of the business, and at the end of each fiscal period to adjust the proportions according to the ascertained facts.

* Railroad stocks are issued in *shares* of \$100 each. Instead of stating the quantity of purchase and sale in this way, however, we give the *nominal* price of the entire transfer. Hence, instead of saying, as in this instance, 20 shares of Del. & Hud. Canal, at \$106 per share, we say, in effect, \$2000 of nominal value in Del. & Hud. Canal at a premium of 6 per cent.

† The Expense Account is not susceptible of exact definition, for the reason that scarcely any two persons use it under the same limitations. To say that it covers the cost of carrying on the business, would leave nothing to be charged to Merchandise, or any other of the main business accounts—as all outlay, of whatever kind, is for the purpose of “carrying on the business.” If an Expense Account is kept at all, it is of little moment what class of items is placed in it, so long as its limits are clearly understood.

PRINCIPLES STATED

§83. What may be said of Expense Account, therefore, may be said of any one of the accounts embraced under the general title of "incidental." The first thing that should be said is that it is not expected that any account of this class will show a gain; and if such a thing should by any possibility occur, it will appear that the items would more properly have been placed in another account. However, the same rule for debits and credits which applies to any business account applies here, viz.: they are *debited* for *cost* and *credited* for *returns*—the difference being a net *loss* or a net *gain*.

§84. SIMPLE FORM OF EXPENSE ACCOUNT.

Items.—1. Paid cash for stationery, \$25.....2. Paid cash for gas bill, \$18.75.....3. Paid cash for rent, \$125.....4. Paid cash for janitor's services, \$50.....5. Paid cash for repairs, \$17.50.....6. Paid for postage stamps, \$5.....7. Paid for revenue stamps, \$3.....8. Paid for advertising, \$45.....9. Paid for coal, \$62.50.....10. Received cash for desk-room in office, \$15.*

RECORD:

Cost		(14)		Returns	
Dr.	Expense	Cr.			
1	25		10	15	
2	18	75			
3	125				
4	50				
5	17	50			
6	5				
7	3				
8	45				
9	62	50			
	351	75			
Cost, \$351.75		Returns, 15	Loss, \$336.75		

MATERIAL FOR PRACTICE.†

§85. Items.—1. Paid cash for office fixtures, \$210.....2. Paid cash for books and stationery, \$17.50.....3. Paid cash for clerk hire, \$37.50.....4. Paid cash for reflooring warehouse, \$150.....5. Paid gas bill, \$17.50‡.....6. Paid coal bill, \$22‡.....7. Paid for rent, three months in advance, \$500.....8. Paid cash for office safe, \$325.....9. Paid for extra services in moving goods, \$37.50.....10. Paid for insurance on goods in store, \$62.50.....11. Paid for insurance on goods, *in transitu*, \$25§.....12. Paid janitor's wages, \$50.....13. Paid for new ledger, \$19.50.....14. Paid for advertising, \$45.....15. Paid for printing, \$15‡.....16. Paid for repairing skylight, \$150.....17. Paid for gas fixtures, \$43.75.....18. Paid for office partition, \$117.50||.....19. The value of articles charged to Fixtures Account is placed at \$500¶.....20. The value of unexpired rent which has been paid for is \$166.67.**

Required, the condition of the several accounts.

*This item will, of course, go to the credit of Expense Account, the effect being to reduce our rent expenses. In the same way we might relet our space at such favorable rates that instead of our rent being a net outlay, it might be a source of profit. This is simply a possible contingency, and not in any sense the idea of an Expense Account.

†These items may be written up first, under a general Expense Account, and next, under distinct heads, viz.: Rent, Fixtures, Stationery, Repairs, Services, Insurance, and Expense.

‡Items not provided for by special accounts should go to Expense.

§That is, goods shipped to us, as per our order. The insurance is against loss by fire or shipwreck.

||This item presents one of the difficulties that is likely to occur in keeping separate accounts for expenditures. There may easily be a doubt as to whether it should be charged to Repairs or Fixtures. The question must be settled arbitrarily, and according to the best judgment in each case.

¶The Fixtures Account is meant to cover that part of the expenses of the business indicated by its title, but it does not follow that the amount paid for fixtures is an absolute loss. In estimating the loss it is proper to credit the account with the value inhering in the property—that is, what the property could be sold for.

**As Rent Account has been debited with the cost of rent for three months, and we are estimating the gains and losses for only two months, it is plain that the cost for the unexpired month should be deducted—in other words, credited, leaving the account to show the net cost for the two months.

EXERCISES IN ACCOUNT KEEPING

XII. PROPRIETARY ACCOUNTS.

§86. The relation which a proprietor sustains to his business is personal, and the account which shows that relation is kept like any personal account. Its object is to denote the proprietor's *investment* or *deficiency*—in other words, what the business owes him, or what he owes the business. The account is *credited* with all sums *invested* and *debited* with all sums *withdrawn*, the difference being the net *investment* or the *deficiency*.

§87. This is true whether there be one proprietor or more. It is sometimes the custom in case of a single proprietor to keep the investment account under the title of "Stock," rather than the proprietor's name; but there is no good reason for it, and the practice is apt to mislead a learner. In partnerships, the investment is entered under the partners' names; and in joint stock business, under the general title of "Capital Stock."

§88. It is proper, in any case, for a proprietor to have two accounts—one, an investment account, and the other, a private or strictly personal account. In such case the investment account would contain only the more permanent items which affect the investment, and the private account would denote the temporary dealings of the proprietor with his business.

§89. SIMPLE FORM OF PROPRIETARY ACCOUNT.

1. SINGLE PROPRIETORSHIP (ONE ACCOUNT).

Items.—1. The proprietor invests \$5000 cash....2. Draws out for private use, \$500....3. The business assumes to pay a debt for him of \$150....4. He transfers to the business from his private ledger personal accounts (receivable), as follows: H. E. Hibbard, \$500; D. R. Lilibridge, \$325. Total, \$825....5. The net gain of the business is \$2100, which is to remain as additional investment.

RECORD:

Withdrawals		(15)		Investments	
Dr.		Proprietor		Cr.	
2	50			1	5000
3	150			4	825
	200			5	2100
					7925

Invested, 7925 Withdrawn, 200 Net Investment, 7725

1. PARTNERSHIP—TWO PROPRIETORS (ONE ACCOUNT EACH).

THE PARTNERS ARE C. MONROE AND J. PARKER.

Items.—1. Monroe invests cash, \$2500....2. Parker invests his stock of goods, valued at \$5000....3. Monroe makes over to the concern certain notes, worth \$575....4. Parker draws out for personal use, \$200....5. The concern assumes a private debt of Monroe's to Baldwin & Co. of \$3000....6. The concern owes Monroe on salary, \$150; and Parker, \$300....7. The net loss of the business is \$1500. Monroe's share, two-thirds; Parker's, one-third.

PRINCIPLES STATED

RECORD:

Withdrawals (16)			Investments		
Dr. <u>C. Monroe</u> Cr.					
5	3000		1	2500	
7	1000		3	575	
	4000		6	150	
				3225	

Withdrawn, 4000 Invested, 3225 Deficiency, 775

Withdrawals (17)			Investments		
Dr. <u>J. Barker</u> Cr.					
4	200		2	5000	
7	500		6	300	
	700			5300	

Invested, 5300 Withdrawn, 700 Net Investment, 4600

MATERIAL FOR PRACTICE.

§90. (FIRST SERIES.) SINGLE PROPRIETOR—Two accounts.* **Items.**—1. Proprietor (James Smith) invests cash, \$5000....2. Adds to his investment notes and personal accounts, amounting to \$1575....3. Draws out for private use, \$150....4. Puts in cash, on private account, \$500....5. Collected on private accounts belonging to proprietor, \$175....6. Paid a personal bill for proprietor, \$87.50....7. Transferred from private account to investment account, \$400†....8. The net loss of the business is \$300, the investment being reduced by that amount.

Required, the investment at closing.

§91. (SECOND SERIES.) TWO PROPRIETORS—One account each. The partners are G. W. Brown and C. H. Peirce. **Items.**—1. G. W. Brown invests \$7500 cash....2. C. H. Peirce invests, in good will, \$4500....3. Peirce draws out cash, \$150....4. Paid a private debt for Peirce, \$175....5. Brown turns in some outstanding accounts of his former business, amounting to \$1750....6. Brown draws out cash, \$375....7. Peirce renders an account of extra service, for which he is allowed \$75....8. Paid a private debt for Brown of \$17.35....9. One of the accounts rendered by Brown (5th item) proves worthless, and is charged back, \$125....10. Peirce pays in, cash, \$114....11. Brown's undrawn salary for the month is \$200....12. Amount due Peirce for monthly salary, \$150....13. Accepted a draft of \$1000, drawn on Peirce....14. The net gain of the business is \$1575, of which Brown is entitled to three-fifths, and Peirce, two-fifths.

Required, the net investment of each partner at the close.

§92. (THIRD SERIES.) THREE PROPRIETORS—Each two accounts. The partners are Charles Brown, James Moore, and Robert Mason. **Items.**—1. James Moore invests in cash, \$7000....2. Charles Brown invests in notes, \$7500....3. Robert Mason invests in merchandise, \$8000....4. Robert Mason draws out on private account, \$150....5. Charles Brown adds to his investment, cash, \$500....6. Paid private bill for Robert Mason, \$75....7. James Moore adds to his investment, cash, \$1000....8. James Moore draws out on private account, \$150....9. Charles Brown puts in on private account, cash, \$350....10. Paid private bill for Charles Brown, \$200....11. The gains in the business are \$2400, each partner to be credited on his private account for one-third thereof.

Required, the standing of the investment accounts and the private accounts of each of the proprietors.

§93. BILLS.

The term "Bills" is generally used to designate business or commercial paper, which is in the form of a written promise to pay. There are two common forms of bills, known distinctively as *notes* and *drafts*. These two forms owe their difference to the different conditions under which they are made. The note originates with the payer, or *maker*,

* Permanent investment items in one account (Proprietor), and current temporary dealings in the other, using the proprietor's name.

† Debit private account (James Smith) and credit investment account (Proprietor).

EXERCISES IN ACCOUNT KEEPING

and is a voluntary promise; the draft originates with the payee, or *drawer*, and is first, a request, and next, an affirmative response, which is, in effect, a promise. A note has necessarily two parties, the *maker* and the *payee*; a draft has three parties, the *drawer*, the *payee*, and the *drawee*.* The maker of the note corresponds with the drawee of the draft, and the payee of a note with the payee of a draft; while the drawer of a draft has no equivalent in an unendorsed note—he being, in fact and in law, an endorser or guarantor. The two forms below will illustrate these points:

FORM OF NOTE.

<div style="border-left: 2px solid black; border-right: 2px solid black; height: 100%; position: relative;"> <div style="position: absolute; left: -5px; top: 0; bottom: 0; width: 5px; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></div> </div> <p>\$1000.</p> <p style="text-align: right;"><i>Sixty days</i>.....after date I promise to pay to</p> <p style="text-align: right;"><i>the order of Peter Cooper</i>.....</p> <p style="text-align: right;"><i>One Thousand</i>.....DOLLARS, value received.</p> <p style="text-align: right;"><i>S. S. Packard.</i></p>	<p style="text-align: right;"><i>New York, July 1, 1895.</i></p>
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FORM OF DRAFT.

<div style="border-left: 2px solid black; border-right: 2px solid black; height: 100%; position: relative;"> <div style="position: absolute; left: -5px; top: 0; bottom: 0; width: 5px; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></div> </div> <p>\$1000.</p> <p style="text-align: right;"><i>Sixty days</i>.....after date, pay to</p> <p style="text-align: right;"><i>the order of Peter Cooper</i>.....</p> <p style="text-align: right;"><i>One Thousand</i>.....DOLLARS, value received.</p> <p style="text-align: right;"><i>H. B. Bryant.</i></p> <p style="text-align: right;"><i>To S. S. Packard, New York.</i></p>	<p style="text-align: right;"><i>Chicago, July 1, 1895.</i></p>
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*Of the *note*, S. S. Packard is the *maker*, and Peter Cooper the *payee*; of the *draft*, H. B. Bryant is the *drawer*, Peter Cooper the *payee*, and S. S. Packard the *drawee*. The undertaking in each case is that S. S. Packard shall pay to Peter Cooper, or to any one whom he may authorize to receive it, *one thousand dollars* in sixty days. When Packard, the drawee of the draft, has responded by writing his acceptance across its face, the draft will have this advantage over the note, that two persons, instead of one, will be held to the payment—for the law makes the drawer a guarantor. Hence, to make the note an exact legal equivalent of the accepted draft, it is only necessary that Bryant should *endorse* it, or write his name across the back. The three parties will then hold exactly the same relations to each other in both documents, and the two bills will be, in all respects, except form, identical.

PRINCIPLES STATED

TRANSACTIONS AND THEIR RECORD.

§94. A BUSINESS TRANSACTION, in its simplest form, is the equal exchange of valuable things.

§95. An exchange of valuable things means that one valuable thing is received and another valuable thing given.

§96. An exchange, or transaction, therefore, affects the business in two directions; and a competent record of a transaction must show these opposite results.

§97. In the previous illustrations one side only of the transaction is considered, the object being to show the character and aim of the separate accounts. In this chapter both sides are given, and it will be seen that every transaction necessitates at least two entries—one to the *debit* side of some account and one to the *credit* side of some other account; the sum of the debits and sum of the credits being equal.

§98. Frequently, however, the record may involve more than two accounts. Preserving the equality of debits and credits, the full record of a transaction may require any one of the following four forms:

1. One debit and one credit.
2. One debit and two or more credits.
3. Two or more debits and one credit.
4. Two or more debits and two or more credits.

ILLUSTRATIONS.

§99.—1. *One debit and one credit.*

TRANSACTION.			
Bought merchandise and paid cash, \$300.			
RECORD.			
Merchandise, <i>Dr.</i>	200	Cash, <i>Cr.</i>	200

§100.—2. *One debit and two credits.*

TRANSACTION.			
Bought merchandise for \$500; paid cash, \$300, and note, \$200.			
RECORD.			
Merchandise, <i>Dr.</i>	500	Cash, <i>Cr.</i> Bills Payable, <i>Cr.</i>	300 200

§101.—3. *Two debits and one credit.*

TRANSACTION.			
Sold merchandise for \$400; received cash, \$150, and note, \$250.			
RECORD.			
Cash, <i>Dr.</i>	150	Merchandise, <i>Cr.</i>	400
Bills Receivable, <i>Dr.</i>	250		

§102.—4. *Two debits and two credits.*

TRANSACTION.			
Bought merchandise for \$350, and house and lot for \$5000; paid cash, \$3000, mortgage, \$2350.			
RECORD.			
Merchandise, <i>Dr.</i>	350	Cash, <i>Cr.</i>	3000
Real Estate, <i>Dr.</i>	5000	Mortgages Payable, <i>Cr.</i>	2350

TRANSACTIONS AND THEIR RECORD

§ 103. A transaction may consist of an exchange between (1) two *commodities* (things having substance); (2) between a *commodity* and a *claim* (or promise); (3) between a *claim* and a *claim*; (4) between a *commodity* and a *service*; (5) between a *service* and a *service*.

ILLUSTRATIONS.

§ 104.—1. *Between Commodities.*

TRANSACTION.

Bought 100 bush. wheat for \$150 in cash.

RECORD.

Wheat, <i>Dr.</i>	150 Cash, <i>Cr.</i>	150
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§ 105.—2. *Between a Commodity and a Claim.*

TRANSACTION.

Sold James Benson on credit, 50 bush. wheat for \$85.

RECORD.

James Benson, <i>Dr.</i>	85 Merchandise, <i>Cr.</i>	85
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§ 106.—3. *Between a Claim and a Claim.*

TRANSACTION.

Received of James Benson his note in full of his account, \$85.

RECORD.

Bills Receivable, <i>Dr.</i>	85 James Benson, <i>Cr.</i>	85
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§ 107.—4. *Between a Commodity and a Service.*

TRANSACTION.

Received cash for one month's labor, \$100.

RECORD.

Cash, <i>Dr.</i>	100 Service, <i>Cr.</i>	100
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§ 108.—5. *Between a Service and a Service.*

TRANSACTION.

Paid Dr. Hammond's bill for medical attendance, \$150, by one year's tuition for his son Charles.

RECORD.

Family Expense, <i>Dr.</i>	150 Tuition, <i>Cr.</i>	150
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I. THE JOURNAL.

§ 109. As has been shown, the Ledger is the book of ACCOUNTS, and it is equally true that no record of transactions is complete until the results are shown in the Ledger.

§ 110. The process of conveying these results to the Ledger, whatever may be its form, is called *posting*. In most kinds of business—especially when the original records are in a classified form, as shown in the Cash Book, Purchase Book, and Sales Book, the postings are made from the original books.

§ 111. In a miscellaneous or limited business, however, it is often found convenient to use a preparatory form of entry, which states explicitly and consecutively, what the Ledger entry will be.

PRINCIPLES STATED

§112. The book in which such record is made is called the JOURNAL. It is sometimes used separately as coming between the Day Book and the Ledger; but more frequently is combined with the Day Book, and thus becomes the original book of entry.

§113. The exercises which are here given will fully illustrate the use of the Journal and the mental process called "journalizing." The transactions or items are taken from the previous exercises under "Accounts," already familiar to the student.

1. SECOND SERIES UNDER CASH ACCOUNT. (§22.)

Item 1

Cash, <i>Dr.</i>	175	Proprietor, <i>Cr.</i>	175
------------------	-----	------------------------	-----

Item 2

Cash, <i>Dr.</i>	75	Jones & Co., <i>Cr.</i>	75
------------------	----	-------------------------	----

Item 3

Merchandise, <i>Dr.</i>	29 12	Cash, <i>Cr.</i>	29 12
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Item 4

Cash, <i>Dr.</i>	182 35	Merchandise, <i>Cr.</i>	182 35
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Item 5

Expense, <i>Dr.</i>	7	Cash, <i>Cr.</i>	7
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Item 6

Expense, <i>Dr.</i>	25	Cash, <i>Cr.</i>	25
---------------------	----	------------------	----

Item 7

Cash, <i>Dr.</i>	180	Bills Receivable, <i>Cr.</i>	180
------------------	-----	------------------------------	-----

Item 8

Cash, <i>Dr.</i>	125	Merchandise, <i>Cr.</i>	125
------------------	-----	-------------------------	-----

Item 9

Expense, <i>Dr.</i>	112 50	Cash, <i>Cr.</i>	112 50
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Item 10

Proprietor, <i>Dr.</i>	50	Cash, <i>Cr.</i>	50
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Item 11

Cash, <i>Dr.</i>	37 50	Abram Stuart, <i>Cr.</i>	37 50
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Item 12

Rent, <i>Dr.</i>	150	Cash, <i>Cr.</i>	150
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TRANSACTIONS AND THEIR RECORD

2. THIRD SERIES UNDER BILLS RECEIVABLE ACCOUNT. (138.)

(USUAL JOURNAL FORM.)

Dr.

Cr.

Bills Receivable	Item 1	200		
	Merchandise			200
Bills Receivable	2	129		
	James Parton			129
Cash Interest	3	199	33	
	Bills Receivable		67	200
Bills Receivable	4	400		
	Cash Interest			304 6
Bills Receivable	5	300		
	Cash Interest			299 1
Bills Receivable	"	275		
	Cash Interest			274 31 69
Bills Receivable	"	350		
	Cash Interest			348 1 05
Cash	6	300		
	Bills Receivable			300
J. Rantoul	7	275		
	Bills Receivable			275
Bills Receivable	8	210		
	James Sullivan			210
Bills Receivable	9	400		
	Cash Interest			398 2
Cash	10	132	50	
	Bills Receivable Interest			129 3 50

PRINCIPLES STATED

§ 114. From these illustrations it will be seen that to "journalize," is to decide, in the case of a transaction, how it shall be recorded in the Ledger—in other words, what account or accounts shall be debited, and what account or accounts shall be credited.

§ 115. In the exercises given under the previous head—the purpose of which was to teach the character of the separate accounts,—this decision was made mentally. That method could be carried out in business, but it would involve difficulties much greater than the use of the Journal. So, in one form or another, the Journal is always used.

§ 116. To become familiar with the use of the Journal it would be well for the student, at this point, to journalize such of the items under the head of "Exercises in Account Keeping," as shall satisfy the teacher of his clear comprehension of the subject.

II. A MODEL SET OF BOOKS.

§ 117. A "Set" of Books comprises what are necessary to record the happenings and the outcome of a business. There may be two or fifty, according to the character and the extent of the business, or according to the judgment and taste of the bookkeeper.

§ 118. Ordinarily, three books will make a set, viz.: (1) the Day Book which tells what happens; (2) the Journal which decides how the facts shall appear in the Ledger; and (3) the Ledger which presents the facts in a classified form.

§ 119. Although the Day Book and Journal are distinct in their purposes, they are usually combined in one book. They are given separately here as an introduction, but in the Model Set proper they are combined; and this is the form that should be hereafter continued.

§ 120. The "Model Set" which is given entire in script is intended to present in the best form to the student's eye, as well as to his mind, a set of books, with all the accessories. The pages are reproduced from written models without the intervention of engraving or of careful drawing. The writing is in no instance claimed to be perfect or exact, and for that reason is not beyond the capacity of the student to equal. The size of the writing bears the same relation to the size of the page that should be borne by the student's writing to his Journal and Ledger page.

§ 121. MEMORANDUM OF TRANSACTIONS.

New York, January 1, 189—. H. B. Bryant, proprietor, invested cash, \$3000.... Bought of H. Ely, for cash, 200 brls. Flour, at \$5, \$1000.... Paid James Sturgis & Co. cash for two months' store rent, \$75.

Jan. 10. Sold Craig & Co., for cash, 80 brls. Flour, at \$6.25, \$500.... Bought of Simson & Co., on account, 30 days, 1500 bush. Wheat, at 60 cents, \$900.... Sold J. N. Roe, for cash, 200 bush. Wheat, at 62 cents, \$124.

Jan. 20. Bought of N. W. Kingsley, giving in payment therefor our note at 90 days, 2000 bush. Oats, at 50 cents, \$1000.... Sold Riley & Jones, for cash, 1000 bush. Oats, at 55 cents, \$550.... Paid cash for services, \$75.

Jan. 30. Sold M. R. Hill, on account, 400 bush. Oats, at 56 cents, \$224; 250 bush. Wheat, at 61 cents, \$152.50 ... Received of M. R. Hill, in settlement of account, his note at 30 days, \$376.50.

February 15. Bought of G. Stevens, for cash, 450 brls. Flour, at \$4.96, \$2232.

Feb. 20. Sold J. Jackson, on his note at 30 days, 100 brls. Flour, at \$5.20, \$520.... Paid cash for office expenses, \$57.50.

Feb. 25. Sold Byron Barton, Philadelphia, on account, 200 brls. Flour, at \$5.15, \$1030.... Gave Simson & Co., on account, our sight draft on Byron Barton for \$500.

Feb. 28. Received cash in full for M. R. Hill's note, \$376.50.

There remain unsold 270 brls. Flour, worth \$5.25, \$1417.50; 1050 bush. Wheat, worth 57½ cents, \$603.75; 600 bush. Oats, worth 50 cents, \$300.

TRANSACTIONS AND THEIR RECORD

§122. DAY BOOK. (Separate.)

New York, January 1, 189—.

Began business with a cash investment of				3000	
_____ “ _____					
Bought of H. Ely, for cash 200 brls. Flour	\$5			1000	
_____ “ _____					
Paid cash for store rent				75	
_____ 10 _____					
Sold Craig & Co., for cash 80 brls. Flour	\$6.25			500	
_____ “ _____					
Bought of Simson & Co., on account 1500 bush. Wheat	60¢			900	
_____ “ _____					
Sold J. N. Roe, for cash 200 bush. Wheat	62¢			124	
_____ 20 _____					
Bought of N. W. Kingsley, giving in payment therefor our note at 90 days					
2000 bush. Oats	50¢			1000	
_____ “ _____					
Sold Riley & Jones, for cash 1000 bush. Oats	55¢			550	
_____ “ _____					
Paid cash for services				75	
_____ 30 _____					
Sold M. R. Hill, on account 400 bush. Oats	56¢	224			
250 “ Wheat	61¢	152	50	376	50
_____ “ _____					
Received of M. R. Hill, in settlement of account, his note at 30 days				376	50

PRINCIPLES STATED

New York, February 15, 189—.

Bought of G. Stevens, for cash 450 brls. Flour	\$4.96			2232	
20					
Sold J. Jackson, on his note at 30 days 100 brls. Flour	\$5.20			520	
"					
Paid cash for office expenses				37	50
25					
Sold Byron Barton, Philadelphia, on account 200 brls. Flour	\$5.15			1030	
"					
Gave Simson & Co. our draft on Byron Barton for				500	
28					
Received cash for M. R. Hill's note				376	50
"					
<i>Inventory of unsold merchandise</i>					
270 brls. Flour	\$5.25	1417	50		
1050 bush. Wheat	57½¢	603	75		
600 " Oats	50¢	300			

§ 123. JOURNAL. (Separate.)

New York, January 1, 189—.

		Dr.	Cr.
Cash	H. B. Bryant	3000	3000
"	"		
Flour	Cash	1000	1000
"	"		
Expense	Cash	75	75
10			
Cash	Flour	500	500

TRANSACTIONS AND THEIR RECORD

New York, January 10, 189—.

Dr.

Cr.

Wheat	Simson & Co.	900		900
— “ —				
Cash	Wheat	124		124
— 20 —				
Oats	Bills Payable	1000		1000
— “ —				
Cash	Oats	550		550
— “ —				
Expense	Cash	75		75
— 30 —				
M. R. Hill	Oats	376	50	224
	Wheat			152
— “ —				50
Bills Receivable	M. R. Hill	376	50	376
— Feb. 15 —				
Flour	Cash	2232		2232
— 20 —				
Bills Receivable	Flour	520		520
— “ —				
Expense	Cash	37	50	37
— 25 —				50
Byron Barton	Flour	1030		1030
— “ —				
Simson & Co.	Byron Barton	500		500
— 28 —				
Cash	Bills Receivable	376	50	376
				50

CHAPTER II.—PRINCIPLES APPLIED.

MODEL SET.

§ 124. In the script pages that follow is given a practical application of the foregoing lessons in a model set of books, containing the books of record and the required vouchers. That the student may get the full benefit of this model he should not simply copy it, but should follow the order of record as he would do in real business. That there may be no evading this requirement, the order is given below. The material for the set is contained in the "Memorandum of Transactions," page 32.

ORDER OF WRITING.

Under date of January 1.—(1) Make journal-entry crediting H. B. Bryant for investment. (2) Make journal-entry recording the purchase of Flour from Ely. (3) Make out Ely's bill for same. (4) Make journal-entry of cash paid for store rent. *Under date of Jan. 10.*—(5) Make journal-entry of Flour sold Craig. (6) Make out bill for same. (7) Make journal-entry of Wheat bought of Simson & Co. (8) Make out Simson & Co.'s bill for same. (9) Make journal-entry of Wheat sold to J. N. Roe for cash. (10) Make out bill to Roe for same. *Under date of Jan. 20.*—(11) Make journal-entry of Oats bought of N. W. Kingsley. (12) Make out Kingsley's bill for same. (13) Make out note for 90 ds. favor of Kingsley. (14) Make journal-entry of Oats sold Riley & Jones. (15) Make out bill to R. & J. for same. (16) Make journal-entry of cash paid for services. *Under date of Jan. 30.*—(17) Make journal-entry of Oats and Wheat sold M. R. Hill. (18) Make out bill to Hill for same. (19) Make journal-entry of Hill's settlement of account, by note. (20) Make out note to cover settlement. *Under date of February 15.*—(21) Make journal-entry of Flour bought of G. Stevens. (22) Make out Stevens's bill for same. *Under date of Feb. 20.*—(23) Make journal-entry of Flour sold J. Jackson on his note. (24) Make out bill for same. (25) Make out Jackson's note. (26) Make journal-entry of cash paid for office expenses. *Under date of Feb. 25.*—(27) Make journal-entry of Flour sold Byron Barton, Phila. (28) Make out bill for same. (29) Make out sight draft on Byron Barton favor of Simson & Co. for \$500. (30) Write Simson & Co. advising them of the draft, and asking for an extension of balance. (31) Write Byron Barton concerning the shipment of Flour, and advising him of the draft drawn on him. *Under date of Feb. 28.*—(32) Make journal-entry of cash received in full for Hill's note.

You are now ready to post to the Ledger; but before doing so, write the headings to all the accounts, giving to each account the proper space, not only for the record of these transactions, but for the closing of the accounts, and the continuing of the same business, as indicated. The space required for the several accounts is here given: H. B. Bryant, 12 lines; Cash, 24 lines; Flour, 15 lines; Expense, 12 lines; Wheat, 11 lines; Simson & Co., 9 lines; Oats, 15 lines; Bills Payable, 8 lines; M. R. Hill, 6 lines; Bills Receivable, 13 lines; Byron Barton, 11 lines; Loss and Gain, 15 lines.

The order and process of posting are simple. Begin with the first journal-entry, where Cash is debited and H. B. Bryant credited; carry the amount, with date and explanation, to the debit side of Cash account, and also to the credit side of H. B. Bryant's account; mark in the proper column of the Ledger under each account, the page of the Journal, and check the amounts as posted by placing the Ledger page of each account in the proper column of the Journal; and follow this method throughout.

When the transactions are all posted you will have what is called an "open Ledger," and before proceeding further you will turn to page 49, and faithfully carry out the instructions there given. Thus you will be able to close the Ledger intelligently, and to learn its true significance; as well as to fasten upon your mind what is comprehended in the term Book-keeping.

[NOTE. The paging of the Ledger and Journal is, in this instance, done arbitrarily—the Journal running from 5 to 6, and the Ledger from 15 to 18. The number of accounts assigned to a page is readily discerned.]

MODEL SET.

New York, January 1, 18-		5		
15	Cash	3000		
15	Investment N. B. Bryant		3000	
16	Flour	1000		
15	Cash Bot. of H. Ely 200 bbls @ 5		1000	
16	Expense	75		
15	Cash Paid store rent		75	
15	Cash	500		
16	Flour Sold Craig & Co. 50 bbls 625		500	
16	Wheat	900		
17	Simson & Co. Bot. 1500 bush on a/c 60¢		900	
15	Cash	124		
16	Wheat Sold J. N. Doe 200 bush 62¢		124	
17	Oats	1000		
17	Bills Payable Bot. of W. W. Kingsley on our note at 90 ds. 2000 bush 50¢		1000	
15	Cash	550		
17	Oats Sold Riley & Jones 1000 bush 55¢		550	
16	Expense	75		
15	Cash Paid services		75	

New York, January 30, 18-		6	
17	Mr. R. Hill	376 50	
17	Oats 1100 bush 56¢		2211
16	Wheat 250 " 61¢		152 50
	Sold on a/c		
	30		
18	Bills Receivable	376 50	
17	Mr. R. Hill		376 50
	Note at 30 ds. to settle a/c		
	Feb 15		
16	Flour	2232	
15	Cash		2232
	Bot. of G. Stevens 450 bbls 4 26		
	20		
18	Bills Receivable	520	
16	Flour		520
	Sold J. Jackson on his note		
	at 30 ds. 100 bbls 52¢		
	20		
16	Expense	37 50	
15	Cash		37 50
	Paid office expenses		
	25		
18	Byron Barton	1030	
16	Flour		1030
	Sold him 300 bbls 545		
	25		
17	Simson & Co.	500	
18	Byron Barton		500
	Our sight draft on Barton		
	in favor of Simson & Co.		
	28		
15	Cash	376 50	
18	Bills Receivable		376 50
	Received cash in full for		
	Mr. R. Hill's note of Jan. 30		

N. B. Bryant										15
15-	Feb 25	Balance		310225	15-	Jan 1	Cash	5	3000	
						Feb 25	Loss & Gain	61	10225	
				310225					310225	
						Mar 1	Balance		310225	

Cash										
15-	Jan 1	Proprietor	5	3000	15-	Jan 1	Flour	5	1000	
	10	Flour	5	500		1	Expense	5	75	
	10	Wheat	5	124		20	"	5	75	
	20	Oats	5	550		Feb 15	Flour	6	2232	
	Feb 25	Bills Rec	6	37650		20	Expense	6	3750	
						25	Balance		1131	
				455050					455050	
	Mar 1	Balance		1131						

Flour										16
15-	Jan 1	Cash	5	1000	15-	Jan 10	Cash	5	500	
	Feb 15	"	6	2232		Feb 20	Bills Rec	6	520	
	25	Loss & Gain	61	10225		25	Byron Barton	6	1030	
							Inventory		141750	
				346750					346750	
	Mar 1	Balance		141750						

Expense									
15-	Jan 1	Cash	5	75	15-	Feb 25	Less & Gain	15	187 50
	20	"	5	75					
	Feb 20	"	6	37 50					
				187 50					187 50

Wheat									
15-	Jan 10	Simson & Co.	5	900	15-	Jan 10	Cash	5	124
						30	M. R. Hill	6	152 50
						Feb 25	Pat. Inv.		603 75
							Less & Gain	15	157 75
				900					900
	Mar 1	Balance		603 75					

Simson & Co.									
15-	Feb 25	Byron Barton	6	500	15-	Jan 10	Wheat	5	900
	25	Balance		1100					
				900					900
						Mar 1	Balance		400

Oats									
15-	Jan 20	Bell Payable	5	1000	15-	Jan 20	Cash	5	550
	Feb 25	Less & Gain	5	74		30	M. R. Hill	6	224
						Feb 25	Pat. Inv.		300
				1074					1074
	Mar 1	Balance		300					

Bills Payable			
15-	Jan 30	Oats	5 1000

M R Hill			
15-	Jan 30	Sundries	6 376.50
15-	Jan 30	Bills Rec	6 376.50

Bills Receivable			
15-	Jan 30	M R Hill	6 376.50
15-	Feb 20	J Jackson	6 520
			896.50
	Mar 1	Balance	520
15-	Feb 20	Cash	6 376.50
			896.50

Byron Barton			
15-	Feb 25	Flour	6 1030
15-	Feb 25	Simson Co	6 500
			1030
	Mar 1	Balance	530

Sales & Gain			
15-	Feb 28	Expense	216 197.50
		Wheat	216 197.50
			309.50
15-	Feb 28	Flour	216 235.50
		Oats	217 74
			309.50

\$1000

New York, January 20, 18-

Ninety days after date I promise
to pay to N. W. Kingsley _____ or order.
One Thousand _____ Dollars.
value received

N. B. Bryant

\$376⁵/₁₀₀

New York, Jan 30, 18-

Thirty days after date, I promise
to pay to N. B. Bryant _____ or order.
Three Hundred Seventy-six ⁵/₁₀₀ Dollars.
value received

M. R. Hill

\$520

New York, Feb 20, 18-

Thirty days after date I promise
to pay to N. B. Bryant _____ or order.
Five Hundred Twenty _____ Dollars.
value received, at the Erie Bank

J. Jackson

\$500

New York, Feb 25, 18-

At sight pay Simson & Co., or order.
Five Hundred _____ Dollars.
value received and charge to account of

To Byron Barton, N. B. Bryant
Philadelphia

		New York, Jan 1, 18-	
N. B. Bryant			
Cash	Bot of H. Ely		
200 bbls Flour	@ 5		1000
Received Payment,			
H. Ely			

Craig & Co		New York, Jan 10, 18-	
Cash	Bot of N. B. Bryant		
80 bbls Flour	62 ⁵		500
Rec'd Payment,			
N. B. Bryant			

N. B. Bryant		New York Jan 10. 18-	
30 ds	Bot of Simson & Co		
1500 bush Wheat	60 ⁴		900

J. M. Roe		New York, Jan 10. 18-	
Cash	Bot of N. B. Bryant		
200 bush Wheat	62 ⁴		124
Rec'd Payment,			
N. B. Bryant			

N. B. Bryant		New York, Jan 20, 18-	
Note 90 ds	Bot of N. W. Kingsley		
2000 bush Oats	50 ⁴	1000	
Rec'd Payment by Note at 90 ds			
N. W. Kingsley			

Riley & Jones		New York, Jan 20, 18-			
Cash		Bot of N. B. Bryant			
	1000 bush Oats	55¢		550	
Rec'd Payment,		N. B. Bryant			

M. R. Hill		New York, Jan 30, 18-			
30 ds		Bot of N. B. Bryant			
	400 bush Oats	56¢	224		
	250 do Wheat	61¢	15250	37650	

N. B. Bryant		New York, Feb 15, 18-			
Cash		Bot of G. Stevens			
	450 bbls Flour	4.96		2232	
Rec'd Paymt		G. Stevens			
		per J. D. D.			

J. Jackson		New York, Feb 20, 18-			
Note 30 ds		Bot of N. B. Bryant			
	100 bbls Flour	5.20		520	
Rec'd Paymt by Note at 3. ds.		N. B. Bryant			
		per Emb			

Byron Barton (Phila)		New York, Feb 25, 18-			
		Bot of N. B. Bryant			
	200 bbls Flour	5.15		1030	

New York, Feb 25, 18
Messrs. Simson & Co.
267 Broadway.

Gentlemen.— We enclose herewith
our sight draft on Byron Barton, Phila-
delphia for \$500, which please place to
our credit. Can you permit an exten-
sion until April 1 for the balance?

Yours respectfully,
N. B. Bryant

New York, Feb 25, 18
Mr. Byron Barton,
Philadelphia.

Dear Sir,— The terms suggested
in your letter of the 23d inst. are satis-
factory to us, and we ship 200 bbls Flour
today via Pennsylvania R.R.

We have remitted Simson & Co.
our sight draft on you for \$500
defer drawing again until Mar

Trusting that our business re-
lation may be extended with mutual
satisfaction, we remain—

Very truly yours,

N. B. Bryant

Stamp

Mr. Byron Barton,
Philadelphia,
134 N. Front St. Pa

\$75

New York, Jan 1, 18-

Received of H. B. Bryant Seventy-five Dollars in full for store rent for January and February.

James Hurgis & Co

Messrs. Simson & Co.,
267 Broadway,
City

N. D. Bryant's Balance Sheet

	Trial Balance		Unsettled Business Statement		Proprietor		Financial Statement	
	Debits	Credits	Debits	Credits	Debits	Credits	Debits	Credits
Jan 1 to Feb 28, 18-								
Proprietor		3000			3000			
Cash	4550.50	3419.50					1131	
Flour	3232	2050	1417.50				1417.50	
Expense	18750		18750					
Wheat	900	27650	1975				60375	
Simson & Co.	500	900						400
Oats	1000	774		74			300	
Bills Payable		1000						1000
Bills Receivable	89650	37650					520	
Byron Barton	1030	500					530	
	1229650	1229650						
			10225			10225		
		30950	30950					
					310225			310225
					310225	450225		450225

Unsettled Business Statement

Unsettled Business Statement

MODEL SET

III. CLOSING THE LEDGER.

§ 124. The importance of presenting as a whole a completed set of books, in connection with the papers and correspondence which are a part of it, is deemed sufficient to atone for any lack of sequence which may be apparent in presenting at this time, and in this manner, instructions which should precede, and so far as the student's work is concerned, do precede the closing of the Ledger.

§ 125. If the instructions given at the beginning of the Model Set, have been carefully followed, the student will now have before him a complete Ledger in its current condition, and affording all the information that a Ledger ever conveys when in active use. It is now proposed to arrest the current record, and exhibit the results of the business to this point.

§ 126. This could be done without in any way disturbing the Ledger, through the form of separate statements; and previous to showing the results on the Ledger, such statements will be made.

§ 127. The first step will be to ascertain if the Ledger is in balance. The Trial Balance, however, is not a perfect test of the correctness of the Ledger, as errors may exist without affecting the equality of the debits and credits.

§ 128. TRIAL BALANCE.

<i>Trial Balance</i>		<i>Feb. 28, 18-</i>	
		<i>Dr.</i>	<i>Cr.</i>
15 Proprietor			3000
15 Cash		14550 50	3419 50
16 Flour		3232	2050
16 Expense		18750	
16 Wheat		900	276 50
17 Simson & Co.		500	900
17 Oats		1000	774
17 Bills Payable			1000
18 Bills Receivable		896 50	376 50
18 Byron Barton		1030	500
		12296 50	12296 50

IV. CLASSIFICATION OF ACCOUNTS.

§ 129. Most of the important facts of the business may be gathered from the foregoing abstract, as it is. In fact each account shows some positive result which bears

PRINCIPLES APPLIED

upon the condition of the business; and it is only necessary that we properly classify and compare these results to exhibit not only the present state of affairs, but what has been accomplished by the transactions.

A few preliminary propositions will aid us in this work :

RESOURCES AND LIABILITIES.

§ 130. A *Resource*, in business language, is any species of property belonging to the concern having a financial value. All Resources having a *fixed* value may be continually shown in the Ledger accounts representing them.

§ 131. All Resources having a fluctuating or variable value must be *estimated* by a cash standard, whenever it becomes necessary to know their value. Of such resources are Merchandise, Real Estate, Fixtures, etc.

§ 132. A *Liability* is a debt owing by the concern. Liabilities being debts owing to *persons*, they cannot vary much in form. They are represented on the Ledger either by Personal accounts or Bills Payable account; the distinction being only as between what we owe without having given a written obligation, and what we owe *on* written obligations.

§ 133. The difference between the Resources and Liabilities of a concern is its *net worth*, or *net insolvency*.

LOSSES AND GAINS.

§ 134. A *Loss* in business occurs when *less* value is received than given in an exchange; and when property *depreciates* in value.

§ 135. A *Gain* occurs when *more* value is received than given in an exchange; and when property *increases* in value.

NET WORTH, OR NET INSOLVENCY.

§ 136. The *Net Worth* is found by subtracting the sum of the *liabilities* from the sum of the *resources*.

§ 137. The *Net Insolvency* is found by subtracting the sum of the *resources* from the sum of the *liabilities*. AGAIN,

§ 138. The NET WORTH or NET INSOLVENCY is found by adding the *net gain* to, or subtracting the *net loss* from, the original capital or investment.

[Inasmuch as net worth or absolute wealth is measured by the excess of resources over liabilities, the increase in wealth must be the result either of increase of resources or decrease of liabilities, or both; and decrease in wealth the result of decrease of resources or increase of liabilities, or both.]

NET GAIN, OR NET LOSS.

§ 139. The *Net Gain* during any period is found by subtracting the sum of the separate *losses* from the sum of the separate *gains*.

§ 140. The *Net Loss* during any period is found by subtracting the sum of the separate *gains* from the sum of the separate *losses*. AGAIN,

§ 141. The NET GAIN during any period is found by subtracting the net worth at the *beginning* from the net worth at the *close* of such period.

§ 142. The NET LOSS during any period is found by subtracting the net worth at the *close* from the net worth at the *beginning* of such period.

MODEL SET

THE TWO CLASSES OF ACCOUNTS.

§143. Book-keeping is an embodiment of classification, and all its results are shown by the comparison of one class with another.

Thus, at the outset, the facts of the separate transactions are divided, and arranged in groups under distinct titles called *accounts*; each account standing for something which must be considered in the general result.

The accounts themselves—though in a sense independent—are also subject to classification; and upon this classification rests the significance of Double Entry Book-keeping.

The fundamental law of “equal debits and credits” has a meaning beyond the fact that exchanges are equal. The more important thing is that in all movements for the acquisition of wealth, the *effort* measures the *result*; and when this is fully expressed, it takes the form of an equation, the opposing sides of which are equal.

The mere exchange of one fixed value for another, such as the canceling of a personal indebtedness by receiving or paying cash, should be called a *liquidation* rather than a *transaction*; for although requiring a complete record, the same as the buying and selling of goods, it contains no element of gain or loss.

Thus in all movements for acquisition or gain, one side of the transaction is an *assertion* or an announcement of the action, and the other side is the *proof* or result—and they are equal. Take the simplest example—the sale of merchandise for cash. The facts are that merchandise has produced cash, and it is shown in the two accounts, Merchandise and Cash. The *credit* side of Merchandise states the fact, and the *debit* side of Cash confirms it, and the one equals the other.

The two ideas illustrated in the above example run through all movements of business for gain and mark the division of accounts into two classes—the one class (denominated “Business”) asserting the gain or loss, and the other class (denominated “Financial”) exhibiting the results.

The real transactions of the business being divided between these two classes of accounts, we have in the one class—Business—the indication or statement of all the separate gains and losses which have occurred, and in the other—Financial—the complete measure of the net resources, or real wealth; the two together establishing the complete concurrence of cause and effect, or assertion and proof.

Business Accounts, then, are those that represent the character and movements of the business, and **Financial Accounts** are those that show the financial condition; or, BUSINESS ACCOUNTS show the gains and losses, and FINANCIAL ACCOUNTS show the resources and liabilities.

Another fact is interesting, as well as important. All transactions that promote progress occur between the two classes: those that affect but *one* class are mostly confined to liquidation or settlement; and never show progress.

This is clearly illustrated in the Model Set. The first entry covers the investment. The proprietor invests Cash \$5000. Cash account is debited, showing cash received; and Proprietor is credited, showing a liability incurred. No gain or loss involved, and the record is confined to one class. The next transaction covers the purchase of goods for cash. Merchandise is debited, showing the cost of the purchase, and Cash, credited, showing the disbursement—a transaction for gain involving the two classes. The following eight transactions are of the same kind; each occurring between the two classes. The last of these is a sale of goods to M. R. Hill on account, wherein Hill is debited and the two Business accounts, Oats and Wheat, are credited. The next transaction merely

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changes this form of indebtedness and involves but the one class. Hill "settles" his account by giving his note. Bills Receivable is debited and M. R. Hill credited; and finally the note is paid, when Cash is debited and Bills Receivable credited. Of the three transactions only one marks the movement of the business; the other two simply change the identity of the finances.

The student will have little difficulty in separating the accounts into the two classes, or in understanding the facts as presented in the double statement that follows. A similar statement should be made in all cases previous to making the closing entries in the Ledger.

ANALYTIC STATEMENT.

<i>Business Accounts</i>			
		<i>Losses</i>	<i>Gains</i>
16 Flour	Sales 2050.		
	Unsold 1417.50		
	Returns 3467.50		
	Cost 3232.		
	Gain		23550
16 Expense	Cost-Loss	18750	
16 Wheat	Cost 900.		
	Sales 276.50		
	Unsold 603.75		
	Returns 882.25		
	Loss	1975	
17 Oats	Sales 774.		
	Unsold 300.		
	Returns 1074.		
	Cost 1000.		
	Gain		74
	Net Gain	1155	
		30950	30950

MODEL SET

Financial Accounts					
Dr.		Cred.		Resources	Liabilities
15	Cash	Received 4550.50			
		Paid 3419.50			
		On hand	1131		
17	Simson & Co.	In their favor 900.			
		Against them 500.			
		We owe them			400
17	Bills Payable	Issued- Outstanding			1000
18	Bills Receivable	Received 896.50			
		Disposed of 376.50			
		On hand	520		
18	Byron Barton	Against him 1030.			
		In his favor 500.			
		He owes us	530		
	Unsold property per Inventory				
	Flour	270 bbls. 525	1417.50		
	Wheat	1050 bush 57 1/2	603.75		
	Oats	600 . 50	300		
		Present Worth			3102.25
			4502.25	4502.25	
Verification					
	N. C. Bryant Investment		3000		
	Net Gain		1022.5		
	Present Worth				3102.25

PRINCIPLES APPLIED

SHOWING THE RESULTS ON THE LEDGER.

§ 144. The foregoing statements leave little to be said as to the condition of the business; and the next step is to show this condition on the Ledger itself. In order to do this we must close those accounts which show the activity of the business, known as Loss and Gain accounts—and which appear in the schedule entitled “Business Accounts”—and collect their results in a separate account. This will leave standing only the accounts showing resources and liabilities, viz.: Cash, Persons and Notes or Bills.

§ 145. It is not necessary for our purpose that these accounts should be disturbed; and ordinarily they are not disturbed. Especially is it well to leave all open personal accounts, and all running accounts of notes and drafts, both for and against us, undisturbed. They are not so left in this case, because it is deemed best to show in these early lessons the possibilities of the Ledger; and because, also, it is desirable to place the Ledger in the same condition that it was in at the commencement, viz.: that of exhibiting on its face, the resources and liabilities in exact amounts.

§ 146. This is often done in business; and affords here the means of impressing upon the learner the difference between the Ledger in action and the Ledger at rest.

§ 147. The closing of the accounts, and bringing the balances forward, places the business, as it now stands, in single items on this side of the lines that mark the closing, and leaves the entire previous record as a thing of the past.

§ 148. This gives us the Ledger ready for a new period, with the opening entries completed, and the resources and liabilities, including the net capital, shown in single amounts.

THE CLOSING OF SEPARATE ACCOUNTS.

§ 149. To “close” an account, in technical sense, is to put an end to its current condition. This is usually done when its purpose is fulfilled, as also when the sides are equal, even if the account is to be continued.

§ 150. The closing of an account does not change its relations or its condition. If the sides are equal, the opposing items cancel each other, and closing it simply emphasizes this fact and takes the account out of the present reckoning.

§ 151. If the sides are unequal, the excess of the larger side is not extinguished in the closing, but is perpetuated by being expressed in a single item, and “brought down” as the *result*, forming the fact of the continued or “new” account.

§ 152. Several objects may be served in closing an account. (1.) When the purpose of the account is fulfilled, closing it removes it from present consideration. (2.) In case of the settlement of a personal account, whether fully liquidated or not, the closing shows the agreement, and renders unnecessary the going over of the old items in future settlements. (3.) As in the case of Cash, the main object of the account—the balance on hand—can be shown in a single amount.

§ 153.—PROCESS OF CLOSING.

1. Before attempting to show all the results upon the Ledger there should be reasonable certainty that the Ledger is correct. Hence, the first step is the Trial Balance.

MODEL SET

2. To further guard against blunders, the next step should be the rendering, in a more or less formal manner, an analytic Statement of the accounts.

3. As this Statement contains all the facts which will appear in the Closed Ledger, the process of closing—with the Statement as a basis—becomes well nigh mechanical. This will give the greater opportunity for precise and effective work.

4. The ruling—which is an important feature of the Ledger—should be done with absolute precision and uniformity. The red ink should be of good quality, and kept pure. A separate red ink pen should always be used.

5. As, in the case of unsold property, the current Ledger does not show the true state of the business, the first step is to *credit* the value of the unsold property to the account or accounts having charge of it. This should be done in *red ink*, the amount being brought down on the *debit* side of the same account in *black ink*.

6. In case, also, of liabilities accumulated during the business and not shown in the proper account, the amount of such liabilities should be entered to the *debit* side of the account or accounts representing them, in *red ink*, and brought down on the *credit* side of the same account in *black ink*.*

7. As the separate losses and gains must be brought together in a single statement, open an account for that purpose under the title of Loss & Gain.

8. Begin with the first account after the Proprietor's. If it be a Financial account, enter the difference upon the smaller side in *red ink*, rule up the account, and bring the balance item down on the opposite or larger side in *black ink*. If it be a Business account, enter the difference upon the smaller side in *red ink* and transfer it in *black ink* to the opposite side of Loss & Gain account.

9. Ascertain the net gain or net loss as shown in the Loss & Gain account, and if the business be that of a sole proprietor, and the gains are to increase or the losses decrease the capital,† close the Loss & Gain account in the usual way into Proprietor's account. If the business be that of a copartnership, and the investment is to be increased or decreased by the gain or loss, close Loss & Gain into the Partners' accounts, giving to each the proportion of gain or loss to which by the terms of the copartnership he is entitled.

10. Finally if there is more than one item in Proprietor's account, or in the separate Partners' accounts,‡ close it, or them, by the usual process, bringing the balance down as a statement of the investment for the continued business.

11. Any account holding but a single item, *which is to appear in the continued business*, should not be disturbed in the general "Closing of the Ledger."

12. The Ledger will now stand as at the beginning, the accounts showing, in single items, the resources and liabilities of the business.

*The author of this book was the first to recognize in the closing of the Ledger, liabilities not appearing in the current record. It is, perhaps, not often done in business, except where a change in the management is to take place; but as it is common for liabilities and resources to accumulate without appearing in the record—as, for example, interest on notes, receivable and payable, obligations for services, etc., etc.—it is well to present the fact in a way to impress it upon the learner's mind.

†The instruction usually given to inevitably "close Loss & Gain into Stock or Partners'" is erroneous, from the fact that often the investment is kept at a uniform amount, and the gain or loss is apportioned to the proprietors in their private capacity.

‡Ordinarily, after the gains and losses of the business have been declared, there will be "more than one item" in the Proprietary account or accounts, but it is well to recognize the fact that the investment may remain unchanged, in which case the accounts representing it should remain unchanged.

PRINCIPLES APPLIED

THE BALANCE SHEET.

§ 154. The form of Balance Sheet on page 48 is more elaborate, comprehensive and compact than is usually given in business; but it is both simple and symmetrical, and is introduced here as excellent practice for the student. If he can make out this form understandingly it will be of great service to him in all his after work. Let him carefully study the instructions here given :

HOW TO PREPARE AND USE THE BALANCE SHEET.

1. The paper should be sufficiently wide to admit—in case of a single proprietor—of four double and one single money columns, as also sufficient space for the account titles and Ledger folios. For each additional proprietor, an additional double money column.

2. Aside from the explanatory head lines and rules, there should be faint lines enough for all the Ledger accounts,* with five additional in case of single proprietorship, and three more for each additional proprietor.

3. Great care should be taken to lay out the space so as exactly to fit the requirements. First, lay it out in pencil points. At the extreme right begin with the double money columns for final balances ; next come the double money columns for each of the proprietors; next, double money columns for Loss & Gain; next, single money columns for unsold property ; next, double money columns for Trial Balance ; next, space for Ledger folio; next, space for names of accounts.

4. Beginning at the left to rule up with ink, let the columns extending through "Unsold Property," come down one line below the last line of Accounts. In case of a single proprietor, let the rulings of the double columns of Loss & Gain extend two lines below the previous ruling, and in case of partners, drop an additional line for each partner.

5. In case of a sole proprietor, let the rulings of the double columns of Investment extend two lines below the previous ruling; and in case of partners, let the rulings of each partner's double columns drop two additional lines, the rulings of double columns for Balances coming even with those of the last partner.

6. The foot rulings can be made (as per example) at this stage, or after the amounts are all written in. The closing of accounts and transferring of balances may now be done in order, following out the explanation given under "Process of Closing." Let the closing entries be made in *red ink*, and the final transfers in *black ink*.

7. When the transfers are all made the columns of Financial Statement will contain the resources and liabilities at the close of the business, while all the facts to be gathered from the Ledger are shown in order under the appropriate heads.

8. As the force of this form of Balance Sheet is in its compactness and comprehensiveness combined, the greatest care should be exercised in its preparation. If not neatly and artistically done its best effect will be lost.

* In case of a large number of personal accounts—which would make the sheet unwieldy, if not impracticable—it is suggested that two general accounts be used, viz.: Accounts Receivable and Accounts Payable. And in case this plan is adopted and more precise knowledge of the separate accounts is desired, a separate sheet or list of personal accounts may accompany the Balance Sheet.

MODEL SET

§ 155.—MATERIAL FOR CONTINUATION OF MODEL SET.

TO BE WRITTEN UP BY THE STUDENT.

[The writing up of these transactions after the methods of the "Model Set" will test the student's proficiency, and fasten the instruction given. Let the Model be followed in every particular, using the Journal-Day-Book form, and posting to the same Ledger continuing the open accounts, and opening others as they are needed. After the business is posted, make out Trial Balance and Statement: then close the Ledger in due form, bringing balances down where proper, and finally, presenting the results in a Comprehensive Balance Sheet.]

Names of additional accounts, with number of lines required for each account.—Insurance, 6; Rent, 6; W. J. Duncan, 9; C. F. Adams, 6; Interest, 8.

March 1. Continued H. B. Bryant's business, beginning with the resources and liabilities as shown in Balance Sheet (page 48)....Bought of John Norton, 650 bush. Oats, at 49¢, \$318.50. Gave him in payment our sight draft on Byron Barton.

Mar. 10. Paid cash for insurance on goods in store (estimate, \$2500), at $\frac{1}{4}$ per cent., \$18.75*.... Sold John Nix & Co., for cash, 300 bush. Oats, at 51¢, \$153....Paid cash for two months' rent of store, \$75†....Bought of W. J. Duncan, on account, 20 ds., 340 brls. Flour, at \$5.15, \$1751.

Mar. 20. Sold A. Richardson, for cash, 175 brls. Flour, at \$5.45, \$953.75....Received from Byron Barton in full of account, his sight draft on W. J. Duncan for \$211.50, which we have remitted to Duncan for our credit.

Mar. 22. Paid cash for services, \$25‡....Received cash for J. Jackson's note of Feb. 20, \$520....Sold Hart & Brother, on their note at 60 ds., 175 brls. Flour, at \$5.50, \$962.50....Bought of C. F. Adams, on account at 30 ds., 325 brls. Flour, at \$5.20, \$1690.

April 1. Sold C. P. Manley, for cash, 250 brls. Flour, at \$5.40, \$1350....Paid cash for cooperage, \$25....Settled Simson & Co.'s account of \$400, by cash payment, \$150; note at 60 ds. for balance, \$—.

Apr. 10. Paid cash for services, \$45....Sold Richards & Bradford, for cash, 180 brls. Flour, at \$5.65, \$734.50; 400 bush. Oats, at 50¢, \$200; Total, \$934.50.

Apr. 20. Paid cash for our note to N. W. Kingsley, of Jan. 20, \$1000....Sold Homer Lee, on note at 30 ds., 300 bush. Oats, at 47¢, \$141....Sold Locke & Conklin, for cash, 250 bush. Oats, at 47¢, \$117.50.

Apr. 30. Discounted Homer Lee's note of Apr. 20. Face of note, \$141; less discount, 20 ds., \$0.47; § net amount received, \$140.53....Paid cash for our note to Simson & Co., of Apr. 1, less discount. Face of note, \$250; discount, 31 ds., \$1.29; ¶ net amount paid, \$248.71....Sold H. E. McElroy, for cash, 1050 bush. Wheat, at 65¢, \$682.50....Paid cash for office expenses, \$11.33.

Remaining unsold: 205 brls. Flour, worth \$5.60, \$1148.

RESULTS.—*Resources*—Cash, \$4383.99; Flour, \$1148; Bills Receivable, \$962.50. *Liabilities*—W. J. Duncan, \$1539.50; C. F. Adams, \$1690. Net gain, \$162.74. Net capital, \$3264.99.

VOUCHERS.—1 (Mar. 1). Bill of Oats from John Norton; 2 (Mar. 1). Sight draft on Byron Barton; 3 (Mar. 10). Bill of Oats to John Nix & Co.; 4 (Mar. 10). Receipt for rent; 5 (Mar. 10). Bill of Flour from W. J. Duncan; 6 (Mar. 20). Bill of Flour to A. Richardson; 7 (Mar. 20). Sight draft from Byron Barton, our favor, on W. J. Duncan; 8 (Mar. 20). Letter to W. J. Duncan enclosing the above draft; 9 (Mar. 22). Bill of Flour to Hart & Brother; 10 (Mar. 22). Note from Hart & Brother; 11 (Mar. 22). Bill of Flour from C. F. Adams; 12 (Apr. 1). Bill of Flour to C. P. Manley; 13 (Apr. 1). Our note at 60 ds. for balance of Simson & Co.'s account; 14 (Apr. 10). Bill of Flour and Oats to Richards & Bradford; 15 (Apr. 20). Bill of Oats to Homer Lee; 16 (Apr. 20). Note at 30 ds. from Homer Lee; 17 (Apr. 20). Bill of Oats to Locke & Conklin; 18 (Apr. 30). Bill of Wheat to H. E. McElroy.

*Open Insurance account.
§Open Interest account.

†Open Rent account.
¶Credit Interest account.

‡Charge Expense.

STATEMENT, FEBRUARY 28, 18—.

L. F.		Resources				
15	Cash		1181			
16	Flour, per Inventory		1417	50		
16	Wheat, " "		608	75		
17	Oats, " "		800			
18	Bills Receivable		520			
18	Byron Barton		580		4502	25
		Liabilities				
17	Simson & Co.		400			
17	Bills Payable		1000		1400	
		Net Capital			8102	25
		Gains				
16	Flour		235	50		
17	Oats		74		809	50
		Losses				
16	Expense		187	50		
16	Wheat		19	75	207	25
		Net Gain			102	25
		Net Investment			3000	
		Net Capital			8102	25

BALANCE SHEET, FEBRUARY 28, 18—.

Trial Balance	L. F.	Debits		Credits		Losses		Gains		Resources		Liabilities	
Cash	15	4550	50	3419	50					1131			
Flour (<i>Inv. \$1417.50</i>)	16	3232		2050				235	50	1417	50		
Expense	16	187	50			187	50						
Wheat <i>\$603.75</i>	16	900		276	50	19	75			603	75		
Simson & Co.	17	500		900								400	
Oats <i>\$300</i>	17	1000		774				74		300			
Bills Payable	17			1000								1000	
Bills Receivable	18	896	50	376	50					520			
Byron Barton	18	1030		500						530			
Proprietor	15			3000									
<i>Net Gain</i>				.		102	25						
Present Worth												3102	25
		12296	50	12296	50	309	50	309	50	4502	25	4502	25

BUSINESS SERIES.

The preceding chapters have been devoted to the teaching of the principles of book-keeping. The work which follows will not only test the knowledge acquired, but will fasten it upon the mind.

It consists in a progressive series of transactions arranged in "Sets"; each set having a distinct purpose, with distinct characteristics, and presenting, in the briefest way, the movement of a distinct business.

While it has been thought best to represent different kinds of business in the different sets, no pretence is made of a complete showing of any business—either as to the transactions themselves, or as to the forms. While the student will be greatly helped to understand what is done in business, it is not pretended that through this series he will become master of any specialty.

All the sets are short that the results may be quickly gathered, and that the drudgery of mere routine work may be avoided. The purpose of the book being to make expert accountants rather than routine clerks, every transaction is meant to be a step in the development of an intelligent purpose, and no transaction is thrown in merely to fill up. And thus, when the purpose of a set is served, it ends.

Every set is presented through a memorandum of transactions, which stands *in the place of* the transactions themselves, and is never to be copied. The memorandum and ultimate results are all that is usually given. The entire record is left to the student.

On the following page is given the form of Skeleton Ledger which it is deemed best to use as a preliminary exercise for the first five sets—when it may be abandoned.

A prominent feature in the plan of this book consists of a series of practical tests, to be used at certain points, thus affording to the teacher a ready and pleasing method of examination, and to the student a delightful training in the details of the business.

This system of practice embodies the author's idea of applying principles already learned, rather than blundering upon principles through blind manipulation.

SKELETON LEDGER.

60

BUSINESS SERIES, SET I.

Set I.—ALAN E COOPER, SOLE PROPRIETOR.

Characteristics.—Buying and selling produce for cash. Beginning with cash investment, resulting in a *gain*, and ending with increased capital. Introducing the use of the "Skeleton Ledger."

*Names of accounts, with number of lines required for each account**—Proprietor, 12; Cash, 21; Flour, 14; Expense, 10; Oats, 15; Wheat, 14; Loss and Gain, 15.

New York, January 1, 18—. Investment, cash, \$5000.

2. Bought of Merrick & Son, for cash, 500 brls. Flour, at \$4, \$2000.

3. Sold for cash to R. L. Shainwald, 100 brls. Flour, at \$4.75, \$475.

7. Bought of James Carter, for cash, 700 bush. Wheat, at 61¢, \$427.

9. Sold for cash to W. H. Clark, 300 brls. Flour, at \$4.50, \$1350.

11. Paid cash for rent and office expenses, \$125.

15. Bought of James Jewell, for cash, 1000 bush. Oats, at 40¢, \$400.

20. Sold Ira Mayhew, for cash, 300 bush. Oats, at 49¢, \$147; 200 bush. Wheat, at 65¢, \$130; Total, \$277....Sold A. A. Boynton, for cash, 100 brls. Flour, at \$4.75, \$475.

25. Sold Morris S. Wise, for cash, 200 bush. Oats, at 55¢, \$110....Sold H. C. Woodford, for cash, 200 bush. Wheat, at 60¢, \$120.

30. Paid cash for current expenses, \$75....Sold Charles Doremus, for cash, 500 bush. Oats, at 53¢, \$265.

Remaining unsold: 300 bush. Wheat, worth 55¢, \$165

RESULTS.—Capital at beginning, \$5000. Net gain, \$210. Capital at closing, \$5210.

Set I.—CONTINUED.

Characteristics.—Buying and selling for cash and on credit. Beginning with net capital, effecting a *net gain*, and ending with increased capital.

Names of additional accounts, with number of lines required for each account†—H. C. Woodford, 10; James G. Cannon, 8; Peter Cooper, 9; James Carter, 6; Corn, 11; George Peabody, 6.

New York, February 1, 18—. Bought of James Jewell, for cash, 100 brls. Flour, at \$4.25, \$425.

3. Sold James Carter, for cash, 150 bush. Wheat, at 60¢, \$90....Bought of H. C. Woodford, on account, 500 bush. Corn, at 45¢, \$225.

6. Sold James G. Cannon, on account, 50 brls. Flour, at \$4.80, \$240....Bought of Peter Cooper, on account, 600 bush. Oats, at 35¢, \$210....Paid cash for current expenses, \$75.

8. Sold James Carter, on account, 250 bush. Corn, at 53¢, \$132.50....Bought of George Peabody, on account, 75 brls. of Flour, at \$4.35, \$326.25....Sold Ashly Ladue, for cash, 350 bush. Oats, at 42¢, \$147.

12. Bought of H. C. Woodford, on account, 400 bush. Corn, at 46¢, \$184....Sold Peter Cooper, on 30 ds. credit, 50 brls. Flour, at \$4.95, \$247.50....Sold James G. Cannon, on account, 250 bush. Corn, at 55¢, \$137.50; 150 bush. Wheat, at 65¢, \$97.50; Total, \$235.

16. Paid cash for expenses, \$67.50....Sold H. C. Woodford, on account, 250 bush. Oats, at 45¢, \$112.50....Bought of Clarence Eddy, for cash, 700 bush. Oats at 38¢, \$266; 850 bush. Corn, at 49¢, \$416.50; Total, \$682.50.

*The space allotted to the accounts covers not only the transactions of the set proper, but includes four lines more than are actually required for the closing of the accounts, bringing down the balances and completing the business as suggested in the continued transactions.

†Personal accounts are generally not closed until the account balances or the business terminates. This method may be followed hereafter at the discretion of the teacher.

BUSINESS SERIES, SET II.

21. Received cash of James G. Cannon in full of his account, \$475....Sold H. C. Woodford, on account, 50 brls. Flour, at \$4.90, \$245; 100 bush. Oats, at 43¢, \$43; Total, \$288.

26. Paid George Peabody cash in full of account, \$326.25....Sold J. L. Burpee, for cash, 500 bush. Corn, at 52¢, \$260....Paid cash for expenses to date, \$50.

Remaining unsold: 25 brls. Flour, worth \$4.25, \$106.25; 600 bush. Oats, worth 40¢, \$240; 750 bush. Corn, worth 50¢, \$375.

RESULTS.—Resources—Cash, \$4390.75; Flour, \$106.25; Oats, \$240; Corn, \$375; Peter Cooper, \$37.50; James Carter, \$132.50. **Liabilities—**H. C. Woodford, \$8.50. Net gain, \$63.50. Capital at closing, \$5273.50.

Set II.—J. J. ANDERSON, SOLE PROPRIETOR.

Characteristics.—Buying and selling groceries for cash, on notes, and on credit. Beginning with net capital; producing loss, and closing with decreased capital; compromising with a creditor.

Names of accounts, with number of lines required for each account.—Proprietor, 11; Cash, 30; Merchandise, 31; H. M. Gardner, 9; Acker, Merrill & Co., 6; Expense, 13; D. T. Ames, 7; Bills Payable, 10; W. H. Maxwell, 6; Loss and Gain, 12.

Brooklyn, January 15, 18—. Investment, cash, \$6000.

16. Bought of Acker, Merrill & Co., for cash, 31 hhds. Molasses, 4000 gals., at 40¢, \$1600.

17. Sold H. M. Gardner, on account, 11 hhds. Molasses, 1335 gals., at 45¢, \$600.75.

18. Sold H. W. Beecher, for cash, 15 hhds. Molasses, 1995 gals., at 35¢, \$698.25.

20. Sold R. Harper, for cash, 5 hhds. Molasses, 670 gals., at 35¢, \$234.50.

21. Paid current expenses in cash, \$101.20.

February 1. Bought of Acker, Merrill & Co., on 30 ds. credit, 20 brls. "A" Sugar, 5680 lbs., at 4½¢, \$255.60; 20 chests Young Hyson Tea, 1250 lbs., at 43¢, \$537.50; Total, \$793.10.

10. Paid cash for store rent in advance, \$75....Sold D. T. Ames, on 10 ds. credit, 4 chests Y. H. Tea, 250 lbs., at 47¢, \$117.50.

15. Bought of Park & Tilford, on note at 10 ds., 5 hhds. Molasses, 653 gals., at 47¢, \$306.91....Sold J. M. Frazier, for cash, 2 chests Y. H. Tea, 130 lbs., at 49¢, \$63.70.

20. Sold W. H. Maxwell, on account, at 30 ds., 1 hhd. Molasses, 110 gals., at 50¢, \$55; 2 chests Y. H. Tea, 129 lbs., at 50¢, \$64.50; Total, \$119.50....Bought of Sanford & Gray, for cash, 10 mats Java Coffee, 500 lbs., at 9¢, \$45....Sold H. D. Nichols, for cash, 4 mats Java Coffee, 200 lbs., at 10½¢, \$21....Received cash of D. T. Ames in full of his account, \$——.

25. Sold J. W. Shanks, for cash, 50 lbs. Java Coffee, at 12¢, \$6; 1 hhd. Molasses, 125 gals., at 50¢, \$62.50; Total, \$68.50....Paid Park & Tilford cash for our note of the 15th, due this day, \$——....Paid cash for services, \$75....W. H. Maxwell has settled with his creditors at 50 cents on the dollar, and in accordance with that arrangement pays us cash for one-half the amount of his indebtedness of the 20th. Amount of cash received, \$——; our loss, \$——....Sold C. Brentwood, for cash, 10 brls. "A" Sugar, 2920 lbs., at 3½¢, \$——.

Remaining unsold: 10 brls. "A" Sugar, 2760 lbs., at 4¢, \$110.40; 12 chests Y. H. Tea, 741 lbs., at 40¢, \$296.40; 5 mats Java Coffee, 250 lbs., at 7½¢, \$18.75; 3 hhds. Molasses, 418 gals., at 40¢, \$167.20; Total, \$——.

RESULTS.—Resources—Cash, \$——. Merchandise, \$——. H. M. Gardner, \$——. **Liabilities—**Acker, Merrill & Co., \$——. Net loss, \$——. Net capital at closing, \$5569.99.

BUSINESS SERIES, SET II.

Set II.—CONTINUED.

Characteristics.—Continuing the grocery business under the same accounts. Buying and selling for cash, on notes, and on credit. Keeping the net capital at a uniform amount by an additional investment covering previous loss.

Names of additional accounts, with number of lines required for each account.—Park & Tilford, 6; Bills Receivable, 8; A. B. Anderson, 7; Seth Low, 6.

Brooklyn, March 1, 18— The proprietor invests cash, \$430.01, to replace diminution by loss
....Bought of Park & Tilford, on account, 8 brls. "C" Sugar, 2256 lbs., at 3¼¢, \$73.32; 20 boxes Muscatel Raisins, at \$1.35, \$27; Total, \$100.32....Received of H. M. Gardner cash on account, \$300....Paid rent and current expenses, \$1.25.

3. Paid Acker, Merrill & Co. cash in full of account, \$———....Sold J. A. Douglas, on his note at 20 ds., 3 brls. "A" Sugar, 824 lbs., at 4½¢, \$39.14; 5 chests Y. H. Tea, 312 lbs., at 48¢, \$149.76; Total, \$188.90....Gave Park & Tilford our note at 15 ds. to balance account, \$———.

5. Sold D. T. Ames, on 10 ds. credit, 1 hhd. Molasses, 136 gals., at 47¢, \$63.92; 2 mats Java Coffee, 100 lbs., at 8¼¢, \$8.25; Total, \$72.17....Sold William E. Dodge, for cash, 2 brls. "A" Sugar, 560 lbs., at 4½¢, \$26.60.

6. Bought of Acker, Merrill & Co., on our note at 20 ds., 15 chests Oolong Tea, 738 lbs., at 32¢, \$236.16....Received cash from H. M. Gardner to balance account, \$———....Sold H. M. Gardner, on account, 5 chests Oolong Tea, 250 lbs., at 40¢, \$100; 6 boxes Raisins, at \$1.55, \$9.30; Total, \$109.30....Sold A. W. Archibald, on his note at 15 ds., 5 brls. "A" Sugar, 1376 lbs., at 4½¢, \$61.92; 4 chests Y. H. Tea, 245 lbs., at 50¢, \$122.50; Total, \$184.42....Paid current expenses in cash, \$85.

9. Sold Herbert H. Knox, for cash, 4 chests Oolong Tea, 210 lbs., at 42¢, \$88.20; 3 mats Java Coffee, 150 lbs., at 9¢, \$13.50; Total, \$101.70....Bought of Austin, Nichols & Co., on our note at 10 ds., 5 bags Mocha Coffee, 780 lbs., at 11¢, \$85.80; 6 brls. "A" Sugar, 1680 lbs., at 4¼¢, \$71.40; Total, \$157.20.

12. Sold James A. Garfield, for cash, 3 chests Y. H. Tea, 184 lbs., at 48¢, \$88.32....Paid office salaries to date, \$60.

15. Bought of F. A. Leggett & Co., for cash, 5 chests Y. H. Tea, 315 lbs., at 38¢, \$119.70....Received cash of D. T. Ames to balance his account, \$———.

18. Paid cash for our note of March 3, favor of Park & Tilford, \$100.32....Sold D. S. Lamont, for cash, 1 hhd. Molasses, 140 gals., at 50¢, \$70.

19. Paid cash for our note of March 9, favor Austin, Nichols & Co., \$———....Sold A. B. Anderson, on account, 1 hhd. Molasses, 142 gals., at 51¢, \$72.42; 3 brls. "C" Sugar, 851 lbs., at 4¢, \$34.04; Total, \$106.46.

21. Received cash of A. W. Archibald, in settlement of his note of March 6, due this day, \$———....Sold S. F. Halliday, for cash, 3 bags Mocha Coffee, 458 lbs., at 12¼¢, \$57.25; 9 boxes Muscatel Raisins, at \$1.50, \$13.50; Total, \$70.75.

23. Sold A. B. Anderson, on account, 5 brls. "C" Sugar, 1405 lbs., at 4¢, \$———; 2 chests Y. H. Tea, 125 lbs., at 45¢, \$———; Total, \$———....Received cash of J. A. Douglas, in payment of his note of March 3, due this day, \$———.

26. Sold Seth Low, on account, 5 boxes Muscatel Raisins, at \$1.48, \$———; 6 chests Oolong Tea, 278 lbs., at 41¢, \$———; Total, \$———....Received of A. B. Anderson cash in settlement of his bill of March 19, \$———....Paid cash for our note of March 6, favor Acker, Merrill & Co., due this day, \$———.

31. Received cash of H. M. Gardner in full of account, \$———.

Remaining unsold: 6 brls. "A" Sugar, 1680 lbs., at 4¼¢, \$———; 3 chests Young Hyson Tea, 190 lbs., at 38¢, \$———; 2 bags Mocha Coffee, 322 lbs., at 11¢, \$———; Total, \$———.

RESULTS.—Net loss, \$44.66. Net capital at closing, \$5955.34.

BUSINESS SERIES, SET II.

COMMERCIAL PAPER.

Among the chief characteristics of the following Set is the treatment of commercial paper; which renders necessary at this point such illustrations and explanations upon the general subject as will place it clearly before the learner.

By "commercial paper" is meant, generally, notes, drafts and bills of exchange; and these are fully characterized below. The term, however, may be properly extended to include all species of written or printed obligations used to facilitate exchange and secure the commercial rights of individuals.

The most common forms of commercial paper, notes and drafts, are used to personate credits; and originate with such purchasers as do not find it convenient to pay money at the time of purchase. The usual form of the note and draft is given, and their essential identity explained, on page 27. They are here more fully discussed.

A *Note* is a direct promise to pay a certain sum of money, on demand, or at a specified time. It is given, primarily, to defer the payment of a debt: and is an acknowledgment of the amount of the debt and the conditions of payment. It is a convenient form of indebtedness for the creditor, as it enables him, by selling or discounting it, to obtain the ready money. To this end open accounts are "settled" by note.

FORM OF NOTE.

<i>\$750.</i>	<i>New York, Aug. 27, 1895.</i>
<i>Thirty days after date, I promise to pay to.....</i>	
<i>Judson Lawson.....</i>	<i>or order,</i>
<i>Seven Hundred Fifty.....</i>	<i>Dollars,</i>
<i>value received, at Second National Bank.</i>	
<i>Cyrus W. Field.</i>	

The *maker* of a note is the one who "promises" to pay it—in this case, Cyrus W. Field. The *payee* is the one to whom or to whose order it is to be paid—in this case, Judson Lawson. The *face* of a note is the sum promised—in this case, seven hundred and fifty dollars.

An *endorsement* is any writing upon the back of a note or draft for the purpose of guaranteeing its payment or transferring its title.

A negotiable note is one which is made payable to bearer or to the order of some person. Negotiable notes payable to order may be sold or transferred by the payee writing his name upon the back of the note. He then becomes an *endorser*. Notes are often drawn payable to the order of the maker (myself or ourselves) to facilitate transfer without the endorsement of the holder.

BUSINESS SERIES, SET II.

FORMS OF ENDORSEMENTS.

(BLANK.) <i>Judson Lawson.</i>
(FULL.) <i>Pay to the order of J. L. Hunt. Judson Lawson.</i>
(RESTRICTED.) <i>Pay to C. M. Depew only. Judson Lawson.</i>
(QUALIFIED.) <i>Pay to the order of E. C. Bodman, without recourse. Judson Lawson.</i>
(SPECIAL.) <i>Pay to Chase National Bank for collection and credit. Judson Lawson.</i>
(WITH GUARANTEE.) <i>I hereby guarantee the payment of the within note. Louis Alberti.</i>

If Judson Lawson desires to sell or transfer the note given in the illustration, it will be necessary for him to endorse it. If he writes his name only it is called an endorsement *in blank*, and the note is then payable without further endorsement, to any person lawfully holding the same. A note endorsed *in full* cannot be transferred until again endorsed by the person named in the endorsement. For greater security, checks, notes, drafts, etc., are endorsed in full when sent by mail.

The **maturity** of a note occurs on the day when it becomes legally due.

When the time of a note is expressed in months, calendar months are used to determine the day of maturity; when in days, the exact number of days is used exclusive of the day of date, but including the day of payment.

A note due in one or more months from date matures on the corresponding day of the month, if there are so many days in that month; but if not so many days it is due on the last day of the maturing month.

Thus, notes dated Jan. 28, 29, 30, or 31, and payable one month from date would each mature on Feb. 28; but if payable 30 days after date they would be due Feb. 27, 28, Mar. 1, and 2, respectively. When drafts are payable a certain number of days after *sight*, the date of acceptance and the time of the draft determine the day of maturity.

The **place of payment** of a note is usually fixed at the bank in which the maker keeps his account. Any place, however, may be agreed upon, and in case no place is specified, the maker's office is understood.

A **Draft** is an order or request addressed by one person to another, directing the payment of a specified sum of money to a third person or to his order.

The object of drawing a draft is to effect the settlement of debt without the risk or inconvenience of transmitting money. When a draft is drawn the presumption is that the drawee has funds in his possession belonging to the drawer, or is owing him, and will accept or pay the draft, as the case may be. Drafts are sometimes drawn when there is no indebtedness, but simply an agreement between the parties.

BUSINESS SERIES, SET II.

FORM OF DRAFT.

<i>\$1865</i> ^{20/100}	<i>New York, Sept. 1, 1895.</i>
<i>Thirty days after sight, pay to</i>	
<i>Chauncey M. Depeew</i>	<i>or order,</i>
<i>Sixteen Hundred Sixty-five</i> ^{20/100} <i>Dollars,</i>	
<i>value received, and charge to the account of</i>	
<i>To Jordan, Marsh & Co.,</i> <i>Boston.</i>	<i>Horace Porter.</i>

The *Drawer* of a draft is the person who signs it. The *Drawee* is the person on whom it is drawn. The *Payee* is the person to whom, or to whose order, it is made payable.

An **Acceptance** is a draft which has been *accepted*. This is accomplished when the drawee has signified his intention to pay the draft by writing his name and the date across its face.

A **Bank Draft** is an order from one banking institution upon another for the payment of money.

Nearly all banks keep a deposit in one or more banks in each of the large cities of the country upon which they draw drafts for the convenience of their customers in making remittances. These drafts pass current for cash in the ordinary transactions of business.

FORM OF BANK DRAFT.

<i>No. 6973.</i>	<i>New York, Sept. 20, 1895.</i>
Second National Bank	
<i>Pay to the order of Peter Cooper</i> <i>\$2745</i>	
<i>Twenty-seven Hundred Forty-five</i> <i>Dollars.</i>	
<i>To Metropolitan National Bank,</i> <i>Chicago.</i>	<i>Joseph S. Case,</i> <i>Cashier.</i>

BUSINESS SERIES, SET II.

Supposing that this draft is to be remitted by mail, the advantage in having it drawn payable to the *remitter*, Peter Cooper, is, that an endorsement in full will indicate from whom the draft was sent and thus serve the purpose of a receipt.

BILLS OF EXCHANGE.

Bills of Exchange are drawn on foreign countries, and made payable in the currency of the country where they are paid. To guard against the contingencies of transmission, they are usually drawn in sets of three, and are so indicated on the face. They are sent by different conveyances; the one coming first to hand being paid, and the others remaining void.

Following is the wording of a Set of Exchange :

- 1.**

EXCHANGE FOR £1,000. NEW YORK, April 10, 1895.

Thirty days after sight, this my first Bill of Exchange (second and third of the same date and tenor unpaid), pay to James M. Horton, or order, One Thousand Pounds sterling, value received, with or without further advice.

HENRY HARNEY & CO.

To BROWN, SHIPLEY & Co., }
Bankers, London. }
 - 2.**

EXCHANGE FOR £1,000. NEW YORK, April 10, 1895.

Thirty days after sight, this my second Bill of Exchange (first and third of the same date and tenor remaining unpaid), pay to James M. Horton, or order, One Thousand Pounds sterling, value received, with or without further advice.

HENRY HARNEY & CO.

To BROWN, SHIPLEY & Co., }
Bankers, London. }
 - 3.**

EXCHANGE FOR £1000. NEW YORK, April 10, 1895.

Thirty days after sight, this my third Bill of Exchange (first and second of the same date and tenor remaining unpaid), pay to James M. Horton, or order, One Thousand Pounds sterling, value received, with or without further advice.

HENRY HARNEY & CO.

To BROWN, SHIPLEY & Co., }
Bankers, London. }
-

The foregoing illustrations cover but a small part of what might properly be called commercial paper; but they are sufficient to show how almost completely the absolute handling of money is avoided in business. In fact, real money—gold and silver—has very little to do in promoting exchanges, and paying debts; for the very paper we call money—bank notes, silver certificates and greenbacks—are neither more nor less than promises to pay, and in that sense may be called “commercial paper,” while the instrument most in use, the bank check, is an individual draft upon a bank, depending for its value upon the integrity of the person who draws it.

The transactions of Set III. are made to deal largely with commercial paper, and with interest and discount that attend upon its use. The questions relating to the proper entries will be settled upon principles already explained.

BUSINESS SERIES, SET III.

Set III.—JAMES SANFORD, PROPRIETOR.

Characteristics.—Buying and selling Dry Goods for cash, on personal account, and on notes and acceptances. Beginning without capital, realizing a *gain*, and closing with net resources, resulting from gain, which form capital for continuing the business. Illustrating the use of notes, drafts and acceptances, and the relations existing between the parties connected therewith. Introducing the Bill Book as an auxiliary, containing a complete record of the negotiable paper, and noting the maturity of notes and drafts, both for and against us.

Names of accounts, with number of lines required for each account.—James Sanford, 9; Merchandise, 22; H. B. Clafin, 13; Cash, 23; Bills Receivable, 15; Bills Payable, 17; Expense, 18; John Codman, 6; A. T. Stewart & Co., 12; Interest, 14; Loss and Gain, 11.

Albany, February 1, 18— Bought of H. B. Clafin, New York, on 3 months' credit, 31225 yds. Wamsutta Muslin, at 8½¢, \$2576.06.

3. Sold James Shepard, for cash, 7250 yds. Wamsutta Muslin, at 8¾¢, \$634.38.

5. Sold Benjamin Williams, on his note at 10 ds., 13000 yds. Wamsutta Muslin, at 8¾¢, \$1137.50
....Bought of A. T. Stewart & Co., New York, on our note at 3 months, 32798 yds. Amoskeag Prints, at 6¢, \$1967.88.

7. Sold H. C. Jones & Co., 10830 yds. Amoskeag Prints, at 6¼¢, \$703.95. Received in full payment their draft on Morgan & Co., at 30 ds., our favor.

8. Sold George W. Best, for cash, 10975 yds. Wamsutta Muslin, at 9¢, \$987.75....Paid expenses in cash, \$165....Sold John Codman, on account, 7800 yds. Amoskeag Prints, at 6¼¢, \$507.

10. Accepted H. B. Clafin's draft at 3 months, favor of C. F. Wingate, for \$1500....Bought of A. T. Stewart & Co., on 30 ds. time, 14280 yds. Fancy Prints, at 5¢, \$714.

12. Sold A. L. Wyman, for cash, 2730 yds. Fancy Prints, at 5¼¢, \$143.33....Sold G. S. Kellogg, on his note at 30 ds., 5775 yds. Amoskeag Prints, at 6¼¢, \$375.38.

15. Received cash for Benjamin Williams' note of Feb. 5, \$1137.50....Drew at 10 ds. sight on John Codman, favor A. T. Stewart & Co., for amount of Codman's indebtedness, and remitted same to Stewart & Co. to apply on account, \$——.

20. Bought of R. H. Macy & Co., New York, on our acceptance at 30 ds., 7500 yds. Scotch Gingham, at 15¢, \$1125....Sold George T. Stevens, 8293 yds. Amoskeag Prints, at 6¢, \$497.58; 11550 yds. Fancy Prints, at 4¼¢, \$543.63; Total, \$——. Received in payment, note for \$500, signed by David Murray, in favor of Geo. T. Stevens, dated Jan. 10, at 3 months, payable at First National Bank; less discount, 49 ds., \$4.08; cash for balance, \$——.

25. Paid cash for current expenses to date, \$73.94....Discounted G. S. Kellogg's note of the 12th inst. Face of note, \$375.38; less discount, 17 ds., \$1.06; net amount received, \$——....Bought of Lord & Taylor, for cash, 10642 yds. Amoskeag Prints, at 5¼¢, \$535.31.

28. Paid cash for our acceptance of Feb. 10, favor of C. F. Wingate, less discount. Face of acceptance, \$1500; discount, 71 ds., \$17.75; net amount paid, \$——....Accepted H. B. Clafin's draft for \$500, in favor of Horton & Co., endorsed by them to G. R. Smith, dated Feb. 16, at 60 ds. from date, payable at National Park Bank.

Remaining unsold: 7500 yds. Scotch Gingham, at 15¢, \$——; 10742 yds. Amoskeag Prints, at 5¼¢, \$——; Total, \$——.

RESULTS.—Resources—Merchandise, \$1715.81; Cash, \$1521.07; Bills Receivable, \$1203.95. **Liabilities**—Bills Payable, \$3592.88; H. B. Clafin, \$576.06; A. T. Stewart & Co., \$207. Net gain, \$64.89. Net capital, \$64.89.

VOUCHERS.—1 (Feb. 5). Note from Benjamin Williams; 2 (Feb. 5). Note favor of A. T. Stewart & Co.; 3 (Feb. 7). Draft from H. C. Jones & Co.; 4 (Feb. 10). Acceptance favor of C. F. Wingate; 5 (Feb. 12). Note from G. S. Kellogg; 6 (Feb. 15). Draft on John Codman; 7 (Feb. 20). Acceptance favor R. H. Macy & Co.; 8 (Feb. 20). Note from David Murray; 9 (Feb. 28). Acceptance favor of Horton & Co.

BUSINESS SERIES, SET III.

Set III.—CONTINUED.

Characteristics.—Continuing the Dry Goods business. Liquidating personal accounts and bills, payable and receivable, before due, with interest allowances. Realizing a *gain*, though not sufficient to justify a continuation of the business, which is closed out.

Names of additional accounts, with number of lines required for each account.—F. M. Behrens & Co., 8; Richard Hull, 6.

Albany, March 1, 18—. Bought of Jordan Marsh & Co., Boston, on our acceptance at 60 ds., 7500 yds. English Storm Serge, at 35¢, \$2625....Sold F. M. Behrens & Co., on account, 2500 yds. Scotch Gingham, at 20¢, \$500.

4. Sold E. F. Hughson, on his note at 20 ds., with interest, 500 yds. English Storm Serge, at 39¢, \$195....Paid H. B. Claflin's sight draft favor Siegel Cooper & Co. in cash, \$200....Sold Richard Hull, on account at 60 ds., 1500 yds. English Storm Serge. at 38¢, \$570....Paid cash for expenses, \$75.

9. Received cash for Morgan & Co.'s acceptance, \$.....Sold J. H. Denison, 4000 yds. Scotch Gingham, at 18¢, \$720. Received in payment our acceptance in favor of Horton & Co. for \$.....; less discount, 39 ds., \$3.25; cash for balance, \$.....

13. Paid cash for expenses, \$97.50....Drew 20 ds. draft on F. M. Behrens & Co. for \$400, and discounted the same at Merchants' Bank; discount, \$1.33; cash received, \$.....Sold Charles W. Chadwick, for cash, 5000 yds. Amoskeag Prints, at 6¢, \$300.

22. Paid cash for our acceptance in favor of Macy & Co., \$.....Discounted David Murray's note of Jan. 10. Face of note, \$.....; less discount, 19 ds., \$1.58; net amount received, \$.....Received from F. M. Behrens & Co., in full of account, their sight draft, our favor, on H. B. Claflin, which we have remitted to Claflin to apply on our account, \$.....

24. Paid cash for expenses, \$75....Received cash for E. F. Hughson's note and interest. Face of note, \$.....; interest, 20 ds., \$0.65; amount received, \$.....Received from Richard Hull, in full of account, his draft at 40 ds. on Hunt & Co., our favor, the same being accepted by Hunt & Co., for \$.....

27. Sold Judson Lawson our entire stock of goods, viz.: 5500 yds. English Storm Serge, at 35¢, \$.....; 1000 yds. Scotch Gingham, at 16¢, \$.....; 5742 yds. Amoskeag Prints, at 5¼¢, \$.....; Total, \$.....Received in payment our note favor Stewart & Co., \$.....; less discount, 39 ds., \$12.79; cash for balance, \$.....Paid cash to H. B. Claflin in full of account, less discount for unexpired time. Balance of account, \$276.06; discount allowed, \$3.13; * net amount paid, \$.....Paid cash for current expenses, \$75.

31. Paid cash for our acceptance in favor of Jordan, Marsh & Co., less discount. Face of acceptance, \$.....; discount, — ds., \$.....; net amount paid, \$.....Accepted A. T. Stewart & Co.'s draft at 15 ds., for \$150, favor H. Harney, payable at Second National Bank....Discounted Hunt & Co.'s acceptance of the 24th inst. Face of acceptance, \$.....; less discount, — ds., \$.....; net amount received, \$.....

RESULTS.—Resources—Cash, \$321.29. Liabilities—Bills Payable, \$150; A. T. Stewart & Co., \$57. Net gain, \$49.40. Net capital, \$114.29.

VOUCHERS.—1 (Mar. 1). Acceptance favor of Jordan, Marsh & Co.; 2 (Mar. 4). Note from E. F. Hughson; 3 (Mar. 4). Draft favor of Siegel, Cooper & Co.; 4 (Mar. 13). Draft on F. M. Behrens & Co.; 5 (Mar. 22). Draft from F. M. Behrens & Co.; 6 (Mar. 24). Draft from Richard Hull; 7 (Mar. 31). Acceptance favor H. Harney.

* This amount is determined by equation. The account being paid before due, we are entitled to the discount for the unexpired time.

BUSINESS SERIES, SET IV.

CASH BOOK

New York, April, 18-

Apr 1	Wm Morse	Investment	2500		
5	Mdse	Sale to J. Freeman	196		
7	Mdse	Sale to J. Knox	6750		
12	Chas Dutton	On acf	75		
15	Mdse	Sale to M. S. Wise	125		
20	F. Rode	In full of acf	3250		
27	Interest	On note No 2	198		
30	Mdse	Sale to J. Russell	745		
	Bills Rec	Hunt & Co's note	2000		
	Interest	On above note	10		
		Cash Dr	575298	575298	
				575298	
		Balance			247121

BILL BOOK

BILLS

No.	When Received		Drawer or Endorser	Drawee or Maker	In Whose Favor	For What Received	Where Payable
1	18-Feb.	5	H. C. Jones & Co.	Benj. Williams	James Sanford	Mdse.	Maker's office
2	Feb.	7		Morgan & Co.	"	"	"
3	Feb.	12	Geo. T. Stevens	G. S. Kellogg	"	"	Maker's office
4	Feb.	20		David Murray	Geo. T. Stevens	"	First Nat'l Bank

BILLS

No.	When Issued		Drawer or Endorser	Drawee or Maker	In Whose Favor	For What Given	Where Payable
1	18-Feb.	5	H. B. Claffin	James Sanford	A. T. Stewart & Co.	Mdse.	Maker's office
2	Feb.	10		"	C. F. Wingate	On acct.	Drawee's office
3	Feb.	20	R. H. Macy & Co.	"	R. H. Macy & Co.	Mdse.	"
4	Feb.	28	H. B. Claffin	"	Horton & Co.	On acct.	Nat'l Park Bank

BUSINESS SERIES, SET IV.

FOURTH SET.

New York, April 18-									
Apr 5	Madse	Invoice No 1	1750						
7	Expense	Insurance on store	175						
12	Expense	One months rent	125						
15	Baumann & Co	On a/c	575						
20	Expense	Drayage	2760						
27	Bills Pay	Favor Herts Prod	51650						
30	Expense	Advertising	11267						
		Cash Cr	328177	328177					
		Balance							575298

THIRD SET.

RECEIVABLE.

Date			Time	When Due												Amount		When and How Disposed of			
Year	Month			Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.						Dec.
18—	Feb.	5	10 ds.	18—		15											1137	50	Feb.	15	Paid
18—	Feb.	7	30 ds.	18—			9										703	95			
18—	Feb.	12	30 ds.	18—			14										375	38	Feb.	25	Disc.
18—	Jan.	10	3 mos.	18—				10									500				

PAYABLE.

Date			Time	When Due												Amount		When and How Disposed of			
Year	Month			Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.						Dec.
18—	Feb.	5	3 mos.	18—					5								1967	88			
18—	Feb.	10	3 mos.	18—					10								1500		Feb.	28	Disc.
18—	Feb.	20	30 ds.	18—			22										1125				
18—	Feb.	16	60 ds.	18—				17									500				

BUSINESS SERIES, SET IV.

Set IV.—WILLIAM MORSE, PROPRIETOR.

Characteristics.—Dealing in Furniture. Buying and selling for cash and on credit. Beginning with net capital; incurring a loss in excess of capital, and closing insolvent. Introducing the Cash Book as a book of original entry, and continuing the use of the Bill Book.

Names of accounts, with number of lines required for each account.—William Morse, 15; Cash, 12;* Bills Receivable, 15; Merchandise, 30; Bills Payable, 9; Baumann & Co., 12; Expense, 16; Charles Dutton, 9; F. Rode, 9; Interest, 15; Ward Wheeler, 6; Loss and Gain, 14.

New York, April 1, 18— William Morse invests in cash, \$2500; promissory note for \$2000, signed by Hunt & Co., in favor of W. J. Sloane, dated March 31, to run 30 ds., with interest; Stock of Furniture, valued at \$14000—Total investment, \$18500. He owes on note, favor J. Brown & Co., dated March 2, at 30 ds., and due this day, but allowed to run on interest, \$12000; also to Baumann & Co., on account, \$5000—Total liabilities, \$17000.

2. Sold Millard Fillmore, on his note at 3 months, 1 Set Enameled Furniture, \$50; 1 do. Black Walnut (oiled), \$150; 1 Carved Rosewood Bureau, \$60; Total, \$260.

5. Bought of Geo. C. Flint Co., for cash, an assortment of Furniture, amounting per invoice No. 1 to \$1750....Sold James Truman, for cash, 1 Mahogany Settee, \$45; 6 Parlor Chairs, at \$6, \$36; 1 Rosewood Tete-a-Tete, \$75; 1 Black Walnut Library Bookcase, \$40; Total, \$196.

7. Paid cash for insurance on building and contents, \$175....Sold Charles Dutton, on account, 2 Black Walnut French Bedsteads, at \$25, \$50; 2 Extension Dining Tables, at \$10, \$20; 2 Enameled Bedroom Suites, at \$40, \$80; Total, \$150....Sold Thomas W. Knox, for cash, 1 Mahogany Writing Desk, \$67.50.

12. Sold H. M. Hume, on his note at 60 ds., 6 Gothic Chairs, at \$4, \$24; 1 Black Walnut Dressing Bureau, \$35; 1 French Mantel Clock, \$40; 6 Rosewood and Brocatelle Parlor Chairs, at \$7.50, \$45; Total, \$144....Received cash of Charles Dutton to apply on account, \$75....Paid cash for one month's rent, \$125.

15. Sold F. Rode, on account, 1 Roll Top Office Desk, \$25; 1 Oak Swivel Office Chair, \$7.50; Total, \$32.50....Sold Morris S. Wise, for cash, 1 Rosewood Parlor Suite, \$125....Paid Baumann & Co. cash on account, \$575.

20. Received of F. Rode, in full of account, his check on Chemical National Bank, \$——....Paid cash for drayage, \$27.60....Bought of Herts Brothers, on our note at 30 ds., 5 Solid Oak Side Boards, at \$35, \$175; 10 Carved Chiffoniers, at \$25, \$250; 12 Gold Reception Chairs, at \$7.62½, \$91.50; Total, \$516.50.

27. Sold Ward Wheeler, on account, 1 Carved Rosewood Centre Table, \$60; 20 do. Arm Chairs, at \$5.60, \$112; Total, \$172....Paid cash for our note, favor Herts Brothers, less discount. Face of note, \$516.50; discount, 23 ds., \$1.98; net amount paid, \$514.52.

30. Paid cash for advertising, \$112.67....Sold Theodore Roosevelt, for cash, 2 Silk Tapestry Parlor Suites, at \$125, \$250; 3 Rosewood Chamber Suites, at \$165, \$495; Total, \$745....Received cash for Hunt & Co.'s note of March 31, and interest. Face of note, \$2000; interest, 30 ds., \$10; amount received, \$2010.

Goods remaining unsold: Estimated, \$12500. Interest, accrued on Brown & Co.'s note, \$58.

RESULTS.—Resources—Cash, \$2471.21; Merchandise, \$12500; Bills Receivable, \$404; Charles Dutton, \$75; Ward Wheeler, \$172. **Liabilities**—Bills Payable, \$12000; Baumann & Co., \$4425; Interest, \$58. Net loss, \$2360.79. Net insolvency, \$860.79.

VOUCHERS.—1 (Apr. 1). Note invested by William Morse; 2 (Apr. 1). Note favor of J. Brown & Co.; 3 (Apr. 2). Note from Millard Fillmore; 4 (Apr. 12). Note from H. M. Hume; 5 (Apr. 20). Note favor of Herts Brothers; 6. Receipted bills for all cash sales.

* Assuming that the footings only will be posted from the Cash Book.

BUSINESS SERIES, SET V.

Set V.—WILLIAM MORSE AND JOHN PHILLIPS, PROPRIETORS.

Characteristics.—Admitting a partner and continuing the same business. Interest allowed on net capital and charged on net deficiency. Beginning with net capital (furnished by incoming partner) and closing with *net gain*, more than sufficient to offset loss in previous set, giving to each partner a net capital at closing. Continuing the use of the Cash Book, Bill Book, Journal and Ledger.

Names of additional accounts, with number of lines for each account.—John Phillips, 11; Berkey & Gay, 10; Steamer *Saratoga*, 6; Monroe & Co., 8; Fifth Avenue Carpet Co., 9; H. H. Brockway, 8.

New York, May 1, 18— William Morse and John Phillips enter into copartnership under the title of Morse & Phillips, to continue the Furniture business of William Morse. Each partner to be allowed interest on net investment and charged interest on net deficiency; the gains and losses to be divided equally. John Phillips invests cash, \$7500; promissory note signed by A. H. Andrews, in favor of John Phillips, dated April 16, at 60 ds. Face of note, \$2500; less discount, 45 ds., \$18.75; present worth of note, \$2481.25.* Phillips owes Berkey & Gay, Grand Rapids, on account, which indebtedness is assumed by the firm, \$1600. William Morse's resources invested (as per statement): Cash, \$——; Bills Receivable, \$——; Merchandise, \$——; Chas. Dutton's indebtedness, \$——; Ward Wheeler's do., \$——. William Morse's liabilities assumed by the firm: Bills Payable, \$——; Baumann & Co., \$——; Interest, accrued on Bills Payable, \$——; Discount on Millard Fillmore's note, 62 ds., \$2.69; also on H. M. Hume's note, 41 ds., \$0.98.

2. Sold Steamer *Saratoga*, on account, 6 Rosewood Tete-a-Tetes, at \$40, \$——; 30 do. Arm Chairs, at \$7.50, \$——; 3 "Sleepy Hollow" Chairs, at \$37.50, \$——; 1 Carved Rosewood Centre Table, \$60; Total, \$——.

3. Sold Sherwood & Co., Chicago, for cash, 20 Enameled Bedroom Suites, at \$30, \$——; 24 Parlor do., at \$80, \$——; 25 Carved Black Walnut Bureaus, \$18, \$——; Total, \$——. Paid Baumann & Co. cash on account, \$1500. Paid cash for drayage, \$12.50.

4. Sold F. B. Northrup, St. Louis, for cash, 12 Black Walnut Book Cases, at \$35, \$——; 15 Rosewood Parlor Suites, at \$200, \$——; 20 Enameled Bedroom Suites, at \$45.60, \$——; Total, \$——. Sold Monroe & Co., Detroit, on account, 4 Bedroom Suites, at \$62.50, \$——; 10 Rosewood and Brocatelle Parlor Suites, at \$250, \$——; Total, \$——.

5. Discounted Millard Fillmore's note of April 2. Face of note, \$——; less discount, — ds., \$——; net amount received, \$——. Bought of Herts Brothers, for cash, assortment of Furniture, amounting, per invoice No. 2, to \$5500.

6. Sold J. A. Wheeler & Co., Cleveland, on their note at 60 ds., 24 Black Walnut Parlor Suites, at \$75, \$——; 24 Best Curled Hair Mattresses, at \$15, \$——; 25 Patent Spring Beds, at \$25, \$——; 8 Carved Rosewood Secretaries, at \$62.50, \$——; Total, \$——. Received cash of Charles Dutton to balance account, \$——. Paid cash for salaries to date, \$100.

7. Sold R. J. Horner & Co., for cash, 20 Fancy Reed Arm Chairs, at \$7, \$——; 20 Ladies' Dressing Tables, at \$25, \$——; 20 Heavy Oak Side Boards, at \$25, \$——; 30 Solid Oak Chamber Suites, at \$40, \$——; 20 Brocatelle Parlor Suites, at \$58.50, \$——; Total, \$——. Drew at sight on Monroe & Co., Detroit, in favor Baumann & Co., for \$1500, and remitted the draft to Baumann & Co. to apply on our account.

8. Paid cash for our note and interest, in favor of J. Brown & Co. Face of note, \$——; Interest, — ds., \$——. Paid cash for advertising, \$237.50. Received on account from Steamer *Saratoga* their draft at 10 ds. on New York Central Railroad, our favor, for \$637.50, which we have remitted to Berkey & Gay, Grand Rapids, for our credit.

9. Bought of Fifth Avenue Carpet Co., on account, an assortment of Carpets amounting, per invoice No. 3, to \$6975. Sold Wm. W. Astor 1 Mahogany Bedroom Suite, \$750; 200 yds. Wilton

* Since interest is to be charged on the net insolvency and credited on the net capital of the partners respectively, the student should be careful to adjust these investment items in an equitable manner. The personal accounts are assumed to be subject to sight draft, and, therefore, are properly considered as due at the present date. Andrews's note, however, not being due until 45 days later, it is plain that Phillips should be debited for the proper discount. Likewise, the bills receivable invested by Morse reveal a similar discrepancy, and his insolvency should be increased sufficiently to offset the time which must elapse before these notes mature.

BUSINESS SERIES, SET VI.

Carpeting, at \$1.75, \$——; 5 Persian Rugs, at \$45, \$——. Received in payment his check on Second National Bank.

10. Discounted at Lincoln National Bank J. A. Wheeler & Co.'s note. Face of note, \$——; less discount, — ds., \$——; net amount received, \$——. Sold F. Rode, 100 yds. Axminster Carpeting, at \$1.15, \$——; 300 yds. Body Brussels, at 95¢, \$——; 400 yds. Moquette, at \$1.10, \$——; 800 yds. Fancy Ingrain, at 60¢, \$——; 24 Assorted Japanese Rugs, at \$18, \$——; Total, \$——. Received in part payment his sight draft on Phoenix Furniture Co. for \$500.*

11. Drew at sight on Ward Wheeler in full of his account and remitted the draft to Berkey & Gay for our credit....Sold H. H. Brockway, 600 yds. Tapestry Carpeting, at 75¢, \$——; 650 yds. Matting, at 20¢, \$——; 500 yds. Oil Cloth, at 45¢, \$——; 20 Window Shades, at 62½¢, \$——; 20 pairs Portieres, at \$6.75, \$——; Total, \$——. Received in payment his draft at 10 ds. on Tiffany & Co. for \$650; cash for balance, \$——. Paid Lyman D. Morse for advertising, \$485.

12. Remitted Fifth Avenue Carpet Co., on account, our sight draft on F. Rode for \$1252.... Received from Monroe & Co., in full of account, a sight draft on Chase National Bank, \$——. Sold E. W. Kipp, for cash, 5 Persian Rugs, at \$30, \$——. Paid Baumann & Co. cash in full of account, \$——.

13. Paid cash for salaries to date, \$120.... William Morse's debit interest on net deficiency, \$864.46, for 13 ds., at 6 per cent., \$——. John Phillips's credit interest on net investment, \$8381.25, for 13 ds., at 6 per cent., \$——.

Goods remaining unsold: \$6580.

RESULTS.—Resources—Cash, \$6443.54; Bills Receivable, \$3294; Merchandise, \$6580. **Liabilities—**Berkey & Gay, \$790.50; Fifth Avenue Carpet Co., \$5723. Net gain, \$——. William Morse's one-half, \$——. John Phillips's do., \$——. William Morse's net capital at closing, \$——. John Phillips's do., \$——. Firm's net capital, \$3804.04.

VOUCHERS.—1 (May 1). Note invested by John Phillips; 2 (May 6). Note from J. A. Wheeler & Co.; 3 (May 7). Draft on Monroe & Co.; 4 (May 7). Letter to Baumann & Co. enclosing draft; 5 (May 8). Draft from Steamer *Saratoga*; 6 (May 8). Letter to Berkey & Gay enclosing draft; 7 (May 10). Draft from F. Rode; 8 (May 11). Draft on Ward Wheeler; 9 (May 11). Letter to Berkey & Gay enclosing draft; 10 (May 11). Draft from H. H. Brockway; 11 (May 12). Draft on F. Rode; 12 (May 12). Letter to Fifth Avenue Carpet Co. enclosing draft; 13 (May 12). Draft from Monroe & Co.

FORM OF CHECK.

<i>No. 4264</i>	<i>New York, Sept 1 1896</i>
<i>First National Bank</i>	
<i>Pay to the order of Union Trust Company</i>	
<i>Seventy-one Thousand and no/100 Dollars.</i>	
<i>\$710000</i>	<i>James H. Cannon</i>

* The only distinction between a sight draft and a check is that the former is drawn upon an individual, and the latter upon a bank; both being payable upon presentment, are considered the same as cash. Debit Rode for full amount in the Journal and credit him for the draft from the Cash Book.

BUSINESS SERIES, SET VI.

Set VI.—S. D. TOWNSEND, C. F. ADAMS, AND STUDENT, PROPRIETORS.

Characteristics.—Presenting a series of transactions peculiar to the wholesale Men's Furnishing Goods business, and intended primarily to illustrate the use of the Sales Book as a book of original entry. Keeping a Bank account in the Ledger, ordering goods from jobbers, discounting notes and acceptances, and allowing cash discounts. Checking cash sales in the Cash Book and Sales Book and deferring the posting of merchandise sales until the end of the month. The partners investing unequally, and apportioning the gains in the ratio of their respective investments. Dissolving the copartnership, one partner retiring from the business by withdrawing his share of the net capital. Continuing the use of the Bill Book and Journal.

Names of accounts, and number of lines required for each account.—S. D. Townsend, 9; C. F. Adams, 10; Student, 11; Cash, 8; Bills Receivable, 13; Interest, 11; Real Estate, 11; Merchandise, 15; Fixtures, 9; Good Will, 9; Bills Payable, 11; S. Mountain, 6; Star Knitting Co., 9; M. A. Bennett, 6; Penn National Bank, 13; A. S. Gorham, 7; Expense, 11; Cluett, Coon & Co., 6; Loss and Gain, 8.

Philadelphia, May 14, 18—. S. D. Townsend, C. F. Adams, and Student are partners constituting the firm of Townsend, Adams & Co. S. D. Townsend invests cash, \$15000.... C. F. Adams invests cash, \$7742.50; Note signed by C. F. Remsen, dated April 24, at 30 ds., with interest, \$2250; Interest to date, 20 ds., \$7.50.... Student invests cash, \$5000.

15. Purchased Mortimer Norton's business and property as per the following Inventory: Real Estate, store and lot, \$15000; Merchandise, \$10000; Fixtures, \$1560; Good Will, \$3000. Gave him our note at 1 year for \$4560, with interest, payable at Penn National Bank; cash for balance.

16. Sold S. Mountain, Camden, N. J., on account at 10 ds., 5 doz. "Marlborough" Cuffs, at \$2.40; 7 doz. "Monarch" Dress Shirts, at \$6.50; 4 doz. Boys' Satin Ties, at \$4.37½.... Received from Star Knitting Co., Cohoes, N. Y., invoice of Underwear amounting to \$1576.20. Remitted them cash, per bank draft, \$1000; balance on account.... Premium on draft remitted to Star Knitting Co., \$1.25.

17. Sold Upson & Jones, Harrisburg, on their acceptance at 60 ds., 5 doz. Grenadine Scarfs, at \$2.94; 2 doz. Corduroy Cycle Suits, at \$61.60; 20 prs. Scotch Gloves, at 97½¢*.... Returned by express to Star Knitting Co., 2 doz. suits Underwear, damaged, at \$12.50.

18. Sold Milton & Co., 1020 Chestnut St., for cash less 1 per cent., 4½ doz. Boys' Wool Guernseys, at \$19; 10 doz. Men's Suspenders, at \$2; 11½ doz. Silk Umbrellas, at \$15½.... Bought of John B. Stetson Co., City, invoice of Hats amounting to \$3500. Gave them our note at 60 ds. for \$1500; cash for balance.

19. Sold A. S. Gorham, Asheville, N. C., on account at 10 ds., 1 doz. Persian Silk Pajamas, \$375; ½ doz. Montagnac Overcoats, at \$300; ½ doz. Corded Smoking Jackets, at \$125; ½ doz. Tuxedo Dress Suits, at \$450.... Sold M. A. Bennett, Richmond, Va., on account at 15 ds., 1 doz. English Melton Overcoats, \$120; 6 doz. Dent's Riding Gloves, at \$17; ½ doz. French Crepe Trousers, at \$140.

20. Ordered by letter from J. S. Lowrey & Co., 606 Broadway, New York, to be shipped by fast freight. 150 doz. No. 610 Cotton Half Hose, assorted, 9½/11, at \$2.50; 50 doz. No. 45 Natural Wool Shirts, 34/40, at \$4.50; 50 doz. do. Drawers, 30/38, at \$4.50, 40 doz. No. DBa Negligee Shirts, at \$9.½

21. Sold Eiseman & Weil, Atlanta, Ga., for cash less 1 per cent., 2 doz. Imported Cheviot Suits, at \$84; ½ doz. Motormen's Suits, at \$95.... Drew on M. A. Bennett, at 10 ds., our favor, for amount due us, and remitted the draft for acceptance.... Received credit memorandum from Star Knitting Co. for goods returned on the 17th inst.

22. Girard Trust Co. discounts Upson & Jones' acceptance and pays us the proceeds in cash \$.... Sold Austin Chase, Wilmington, Del., on note at 30 ds., 10 doz. "Chico" Collars, at \$2; 5 doz. "De Joinville" Scarfs, at \$12; 13 doz. Angora Cashmere Hose, at \$4.80.... Paid salaries in cash, \$250.

* Upson & Jones will be credited for their acceptance from the Journal. Their account may be canceled by checking from both Journal and Sales Book before posting.

† When merchandise is paid for in cash on the day of purchase, the entries can be checked in the Sales Book and Cash Book before posting. Many firms, however, open an account in the Ledger with all purchasers.

‡ No entry should be made for this transaction until the invoice is received.

§ Unless otherwise stated all interest and discount in this book will be computed at the rate of 6 per centum on a basis of 360 days to the year.

BUSINESS SERIES, SET VI.

23. M. A. Bennett returns our draft bearing acceptance dated May 22, which we remit to Star Knitting Co. on account....Sold D. M. Selden & Co., Wheeling, W. Va., on their acceptance at 5 ds., 3 doz. Universal Shirt Waists, at \$9; 3 doz. Boys' Knee Pants, at \$25; 2 doz. Fancy Golf Caps, at \$8.50.

24. Received cash for C. F. Remsen's note and interest....Received invoice of goods ordered from J. S. Lowrey & Co. on the 20th inst. Accepted their draft accompanying invoice, dated May 21 at 30 ds. from date, and returned same by letter....Opened an account with Penn National Bank and deposited \$2000 in cash.

25. A. S. Gorham returns $\frac{1}{2}$ doz. Persian Silk Pajamas for which we remit credit memorandumPaid express charges in cash, \$1.48....Ordered by letter from Cluett, Coon & Co., Troy, N. Y., 150 doz. Arrow Brand Collars, $14\frac{1}{4}/16\frac{1}{4}$, at \$2.16; 150 doz. "Domino" Cuffs, 10/11, at \$2.88; 50 doz. "Monarch" Dress Shirts, 14/16, at \$6.

26. Received check from S. Mountain in full of account....Sold O'Neill & Co., Baltimore, Md., 25 doz. Iridescent Tecks, at \$4.75; $14\frac{1}{4}$ doz. Parisian Shirt Waists, at \$35; 2 doz. Japanese Dressing Gowns, at \$225. Drew on them in full at 60 ds. from date, our favor, and enclosed draft with invoice....Bought of Hamburger Bros. & Co., Baltimore, job lot of Bicycle Suits, \$2000. Transferred to them by full endorsement check received from S. Mountain; accepted their draft at 60 ds. payable at Penn National Bank, for \$1200; check for balance.

27. Received goods ordered of Cluett, Coon & Co., and returned 10 doz. Cuffs not being as ordered. Remitted them our note at 30 ds. for \$500; balance on account....Sold John Wanamaker, City, for cash less 6 per cent., 100 doz. Boys' Bicycle Suits, at \$23....Paid W. S. Hughson's bill for building annex to store per check, \$500....Deposited cash, \$2500.

28. Sold Martin Bros., Lancaster, 4 doz. Irish Frieze Ulsters, at \$85; 2 doz. Hodgman's Mackintoshes, at \$120; 2 doz. Combination Golf Suits, at \$135. Received their note at 30 ds., endorsed by A. C. Murdough, for \$500; cash for balance....Received from Earl & Wilson, New York, invoice of Collars and Cuffs amounting to \$2571.14. Remitted them, less 5 per cent., draft on Chemical National Bank purchased of Penn National Bank, H. G. Clifton, Cashier, at par per check....Received from D. M. Selden & Co. New York exchange in payment of their acceptance of the 23d inst.

29. O'Neill & Co. return our draft accepted, which we discount at Independence National Bank receiving proceeds in cash....Received certified check from A. S. Gorham in full of account....Remitted cash to Star Knitting Co. to balance account. Cost of draft for same, 50¢....Received credit memorandum from Cluett, Coon & Co. for goods returned....Deposited check received from A. S. Gorham.

30. Paid Cluett, Coon & Co.'s sight draft for their net balance per check....Discounted Martin Bros.' note of the 28th inst. at Penn National Bank and deposited the proceeds....Sold Douglas & Mackie, Pittsburg, for cash less 5 per cent., 50 doz. Negligee Shirts, at \$4.75; 100 doz. E. & W. Collars, at \$2.50; 100 doz. do. Cuffs, at \$3.50; 50 doz. "Venezuela" Straw Hats, at \$10.50; 40 doz. Natural Wool Shirts, at \$6; 40 doz. do. Drawers, at \$6; 100 doz. Cotton Half Hose, at \$3.25....Deposited cash, \$2500.

31. Paid Charles Hardy's salary and travelling expenses as salesman to date per check, \$175....Paid cash for annual taxes on assessed valuation of real estate, \$12000, at $1\frac{1}{4}$ per cent.....After the net gain has been divided in the ratio of the partners' respective investments, Student transfers his interest in the business to the remaining partners, and withdraws from the firm receiving Townsend & Adams' note at 1 year, with interest, for \$2500; balance per check.

INVENTORIES.—Real Estate: Estimated valuation, \$15800; 11 months' unexpired taxes, \$——; Merchandise, \$14200; Good Will, \$3500; Fixtures—valued at cost, less 5 per cent.; Interest accrued on note favor Mortimer Norton, \$——.

NET GAIN, \$——.

VOUCHERS.—1 (May 17). Letter to Star Knitting Co.; 2 (May 20). Letter to J. S. Lowrey & Co.; 3 (May 23). Letter to Star Knitting Co. enclosing acceptance; 4 (May 25). Letter to Cluett, Coon & Co.; 5 (May 26). Check and Acceptance favor Hamburger Bros. & Co.; 6 (May 27). Check favor W. S. Hughson; 7 (May 28). Letter to Earl & Wilson enclosing Cashier's draft on Chemical National Bank; 8 (May 28). Check favor New York Draft; 9 (May 31). Check favor Student; 10. Invoice for each sale of merchandise as per Sales Book (if required by the teacher).

SALES BOOK, SET VI.

Philadelphia, May 16, 18-				
S. Mountain Camden N.J. 10 ds				
5 doz Marlborough Cuffs	2 ⁴⁰	12		
7 " Monarch Dress Shirts	6 ⁵⁰	45 50		
4 " Boys' Satin Ties	4 ³⁷	17 50	75	
17				
Upson & Jones Harrisburg - Nat. 6 ds				
5 doz Grenadine Scarfs	2 ⁹⁴	14 70		
2 " Corduroy Cycle Suits	61 ⁰⁰	123 20		
20 prs Scotch Gloves	97 ⁰⁰	19 50	157 40	
18				
Milton & Co 1020 Chestnut St Cash				
4 ⁷ / ₁₂ doz Boys' Wool Guernseys	19	79 17		
10 " Men's Suspenders	2	20		
11 ⁵ / ₁₂ " Silk Umbrellas	15	171 25		
		270 42		
	Less 10%	270	267 72	
19				
A. S. Gorham Asheville N.C. 10 ds				
1 doz Persian Silk Pajamas		37 5		
1/4 " Montagnac Overcoats	300	75		
1/2 " Corded Smoking Jackets	125	62 50		
1/4 " Tuxedo Dress Suits	450	112 50	625	
19				
M. A. Bennett Richmond Va 15 ds				
1 doz English Melton Overcoats		120		
6 " Gent's Riding Gloves	17	102		
1/2 " French Crepe Trousers	140	70	292	
Forwarded			1417 12	

BUSINESS SERIES, SET VII.

Set VII.—RETAIL.

Characteristics.—This set has a number of new features. It represents a retail Grocery business, such as is common both in large and small communities. The sales are limited in amount but extensive in detail, and require special forms of record. These are made in what may properly be called auxiliary books, as they help to classify and combine the small transactions pending a settlement, and thus relieve the General Ledger of a large number of merely temporary accounts. The titles of these books and the explanations accompanying them will clearly show this fact. To facilitate the student's work, and to secure the proper order of entry, the initials of the books to be used in connection with the principal transactions are given in the memorandum.

THE BOOKS AND THEIR USE.

The Order Book is a book usually four or five inches wide and thirteen or fifteen inches long, into which the items and prices are entered as the order is given by the customer. As each article is "put up" for delivery, a check mark is placed at the left of the item. If the goods are paid for when delivered, the word "Paid" is written at the left of the order. When salesmen visit customers at their residences for the purpose of receiving orders, they carry an Order Book with them, the bookkeeper alternating with the salesman in its use.

The Customers' Ledger contains an itemized statement of all merchandise sold on account, together with the payments thereon. Orders which are not marked *paid* in the Order Book are entered in the Customers' Ledger at the close of business each day; no corresponding entry is made in the Journal, the merchandise being considered as on hand until paid for. When cash is received on account, a memorandum is made in the Order Book from which the customer is properly credited, and the amount is included in the cash sales for the day.

The Cash Book contains special columns for Merchandise and Expense, thus facilitating the process of posting. The amount of each cash sale is written in a Petty Cash Book or upon "cash slips." The amounts paid out are recorded in a separate column, or on slips and placed upon a spindle. The amount in the cash drawer added to the amounts paid out should equal the total cash sales of merchandise for the day. The cash in the cash drawer at the end of the day is generally transferred to the Safe. The entries, however, would be precisely the same if deposits were made in a bank and checks drawn in the usual manner; and as the Pass Book and Check Book preserve a perfect record of checks and deposits, no account need be kept with the bank in the Ledger.

The Journal contains such entries as may not properly be recorded in the other books.

The General Ledger receives all items which are posted from the Cash Book or Journal.

Ledger Accounts.—In the General Ledger, give each account one-fourth page. In the Customers' Ledger, put two accounts on a page.

Jacksonville, August 1, 18—. R. C. Crampton has leased the store, 410 West State Street, for a term of two years, and opened a retail Grocery and Provision business. The resources are: Cash on hand, per Cash Book, \$1697.70; R. B. Cilley's note, dated July 5, at 30 days with interest, \$215; Interest, to date, — days, \$——; George Holden's note, dated July 19, at 30 days, \$350; John R. Hall owes on account, \$47.20; G. J. Winslow, \$129.75; Elmer Rickner, \$175. The debts are: Ashley Ladue, on account, \$195; Note, favor De Forrest Gibson, dated June 27, at 60 days, \$175; Note, favor Robert Vickery, dated July 17, at 30 days with interest, \$225; Interest, — days, \$—— (C.B., J.). . . . Paid cash for one month's store rent, \$36.50 (C.B.). . . . Bought for cash, 3 sets Howe Scales, \$35; 1 Mosler Safe, \$120 (C.B.). . . . Paid bill for set of books, ink and stationery in cash, \$12.60 (C.B.). . . . Bought of William Patterson, on note at 30 days, horse and wagon for use of store, \$175 (J.).

BUSINESS SERIES, SET VII.

2. Received from J. S. Gould & Co., 19 Randolph Street, Chicago, invoice of Groceries and Provisions, amounting to \$520.12. Remitted cash in full payment per registered letter (C.B.). Sold on account as follows: *Mrs. Oliver Mason, 514 N. Prairie St.*, 2 pks. Sweet Potatoes, at 20¢; 5 lbs. Butter, at 23¢; 1 box Figs, 25¢; 2 doz. Oranges, at 25¢; 1 Lemon Extract, 25¢; 20 lbs. Granulated Sugar, at 5¢; 1 Chicken, 6 lbs., at 12¢ (O.B., C.L.). *Wm. G. Safford, 317 S. Clay Ave.*, 2 lbs. Java Coffee, at 25¢; 5 lbs. Rice, at 6¢; 6 lbs. Mackerel, at 8¢; 1 qt. Oysters, 40¢; 4 lbs. Soda Crackers, at 8¢ (O.B., C.L.).

3. Sold on account: *H. C. Stuart, 310 S. Diamond St.*, 3 lbs. Chipped Beef, at 20¢; 2 cans Lobster, at 20¢; 2 lbs. Dairy Butter, at 20¢; 1 Wooden Pail, 15¢; 20 lbs. B Sugar, at 5¢; $\frac{1}{4}$ lb. Chocolate, at 35¢; 2 Brooms, at 25¢ (O.B., C.L.). *Frank Robertson, 1053 W. College Ave.*, 5 lbs. Creamery Butter, at 25¢; 10 lbs. Buckwheat Flour, at 5¢. *Mrs. Henry J. Clark, 524 W. College Ave.*, $\frac{1}{2}$ bush. Turnips, at 60¢; 8 lbs. Chicken, at 10¢; 2 Cabbages, at 15¢; 2 cans Peaches, at 30¢; 5 lbs. Codfish, at 8¢; 2 cans Condensed Milk, at 20¢; 6 lbs. Gran. Sugar, at 5¢*. Cash sales for the day, per Petty Cash Book, \$37.65 (C.B.).

4. *Mrs. Oliver Mason* returned 4 lbs. Butter, at 23¢ (O.B., C.L.). Received cash for R. B. Cilley's note and interest (C.B.). Received from E. C. Hazard & Co., 117 Hudson Street, New York, invoice of Groceries, dated Aug. 1, amounting to \$320.67. Terms, 1/10, n/30.† (J.)

5. Paid cash to B. B. McFadden, Agent Mutual Insurance Co., for premium on open policy of insurance to cover goods in store, \$1500 at $1\frac{1}{4}$ per cent. (C.B.). Paid freight on invoice No. 1, \$21.50 (C.B.). Paid cash for shoeing horse, \$1.75 (C.B.). Sold on account: *Mrs. J. T. King, 1055 W. State St.*, 2 lbs. Japan Tea, at 50¢; 1 brl. Flour, \$5; 1 brl. Apples, \$3; 6 bars Kirk's Soap, 25¢; $\frac{1}{2}$ bush. Onions, at 80¢; 2 cans Tomatoes, at 15¢ (O.B., C.L.). *W. H. Johnson*, 1 can Sardines, 30¢; 3 doz. Eggs, at 16¢; 2 lbs. Butter, at 25¢; $1\frac{1}{2}$ doz. Lemons, at 20¢. Cash sales for the day, \$41.30 (C.B.).

6. Took merchandise from store for private use, amounting to \$6.75 (J.). Received from Washburn Crosby Co., Minneapolis, 125 brls. Pillsbury's Best Flour, invoiced at \$4; freight prepaid.‡ Accepted their 30 days' draft in full payment (J.). Paid cash for freight on invoice No. 2, \$15.22 (C.B.). Remitted E. C. Hazard & Co., New York draft for net amount of their invoice, bought at First National Bank at $\frac{1}{2}$ per cent. premium§ (C.B.).

8. Sold A. H. Nichols, farmer, 40 lbs. G. Sugar, at 5¢; 2 lbs. Mocha Coffee, at 35¢; 2 lbs. J. Tea, at 50¢; 1 brl. P. B. Flour, \$5; 3 doz. Lemons, at 20¢; 5 gals. K. Oil, at 15¢; 2 btls. Blueing, at 10¢; 2 gals. Molasses, at 45¢ (O.B., C.L.). Cash sales for the day, \$34.45, including the following payments on account: *Mrs. Oliver Mason*, \$3.35; *Mrs. J. T. King*, \$5 | (C.B., O.B., C.L.).

9. Sold on account: *Wm. G. Safford, 317 S. Clay Ave.*, 2 cans Salmon, at 20¢; 9 lbs. Turkey, at 16¢; 20 lbs. A Sugar, at 6¢; 3 lbs. Butter, at 25¢ (O.B., C.L.). *Frank Robertson, 1053 College Ave.*, 1 Mouse Trap, 30¢; 3 lbs. Y. H. Tea, at 40¢; 5 lbs. Raisins, at 12¢; 2 bush. Potatoes, at 85¢; 1 doz. Matches, 20¢; 1 Wash Tub, 90¢; 2 cans Peaches, at 20¢; 2 cans Salmon, at 20¢. Cash sales for the day, \$52.16 (C.B.).

* Pass Books are often issued to customers to avoid the necessity of rendering monthly statements. The Pass Book is brought by the person giving the order and the items are written in it at the time they are entered in the Order Book. The usual entries, however, are made in the Customers' Ledger to preserve the record in case the Pass Book is lost.

† These are the regular terms in New York houses. The expression means "one per cent. off if cash is received within ten days from date of the invoice, or the net amount can be paid within thirty days." Payments made within ten days are generally considered as cash.

‡ It is a custom in the Flour business to sell at a price which includes delivery at the consignee's railroad station. Ordinarily, the freight is prepaid through to destination, but if circumstances make it more convenient the freight charges are paid by the purchaser, who deducts same from the gross amount of the bill before remitting.

§ Payment being made within ten days, one per cent. should be deducted from the full amount of this invoice. Invoices are usually recorded at the time of their receipt in an Invoice Register, having columns arranged similar to a Bill Book. The expiration of the term of credit being given, the date for remitting can easily be determined. If preferred, an account may be kept with Merchandise Discount, to the credit of which all allowances for prepayment of invoices can be carried and the amount finally closed into Merchandise Account.

| The "cash sales for the day" will hereafter include all payments made by customers on account.

BUSINESS SERIES, SET VII.

11. Sold Mrs. H. J. Clark, 524 W. College Ave., $\frac{1}{2}$ doz. bars Ivory Soap, at 50¢; 1 box Pepper, 15¢; $\frac{1}{2}$ lb. Allspice, at 18¢; 1 Basket, 15¢; 3 lbs. Lard, at 12¢; 10 lbs. Oatmeal, at 5¢; 3 oz. Indigo, at 10¢ (O.B., C.L.)....Received cash on account from Elmer Rickner, \$125 (C.B.).

12. Received cash on account: Wm. G. Safford, \$5; Frank Robertson, \$4.50; Mrs. H. J. Clark, \$3.25 (O.B., C.L.)....Cash sales for the day, \$54.11 (C.B.)....Received check for \$7.50 from George Walker, agent Wabash R. R., in payment of my claim for damages to goods belonging to invoice No. 2, caused by carelessness of railroad employees (C.B.).

13. Sold Mrs. Oliver Mason, 514 N. Prairie St., 3 lbs. Mixed Coffee, at 85¢; 4 lbs. Starch, at 7 $\frac{1}{2}$ ¢; 2 lbs. Cocoa, at 20¢; 1 lb. Cinnamon, 38¢; 1 doz. Nutmegs, 15¢; $\frac{1}{2}$ bush. Beans, at \$2; 1 bunch Celery, 10¢; 25 lbs. Corn Meal, at 2¢ (O.B., C.L.)....Paid cash for clerk hire to date, \$13 (C.B.)....Withdrew cash for private use, \$17.50 (C.B.)....Cash sales for the day, \$21.40* (C.B.).

15. Mrs. H. J. Clark returned 2 lbs. Lard; 9 lbs. Oatmeal (O.B., C.L.)....Sold Mrs. J. T. King, 1055 W. State St., 2 sacks Salt, at 10¢; $\frac{1}{2}$ gal. Vinegar, at 38¢; 1 btl. Olives, 30¢; 2 doz. Bananas, at 15¢; 4 qts. Cranberries, at 15¢; 2 lbs. Baking Powder, at 50¢; 2 lbs. Oolong Tea, at 65¢; (O.B., C.L.)....Bought of A. H. Nichols, 10 bush. Turnips, at 50¢; 15 bush. Onions, at 65¢; 3 doz. bunches Celery, at 60¢; 5 bush. Beans, at \$1.60. Gave him in exchange, 2 lbs. Corn Starch, at 10¢; $\frac{1}{2}$ lb. Mustard, at 55¢; 2 lbs. Oolong Tea, at 65¢; 10 lbs. Prunes, at 10¢; 2 lbs. Mocha Coffee, at 35¢; 40 lbs. A Sugar, at 6¢; cash from cash drawer, \$7.52†....Cash sales for the day, \$18.88 (C.B.).

16. Paid our note and interest, favor Robert Vickery (C.B.)....Sold on account: E. P. Kirby, 2 qts. Oysters, at 40¢; 5 lbs. Crackers, at 10¢; 3 lbs. Y. H. Tea, at 45¢; 5 lbs. Mincemeat, at 9¢; 1 box Shoe Polish, 10¢; 2 bush. Potatoes, at 80¢; 1 bush. S. Potatoes, \$1; 2 doz. Oranges, at 25¢; 2 doz. Lemons, at 20¢; 5 lbs. Peanuts, at 20¢; 5 boxes Enameline, at 5¢....W. H. Johnson, 2 lbs. Japan Tea, at 50¢; 3 cans Peaches, at 30¢; 4 lbs. Turkey, at 18¢; 20 lbs. A Sugar, at 6¢; 1 brl. Flour, \$5; 1 brl. Apples, \$3....Received cash on the following accounts: W. H. Johnson, \$10; Mrs. J. T. King, \$5....Cash sales for the day, \$35.10.

18. Shipped via Chicago & Alton R. R. to Kingman & Co., Peoria, to be sold on account and risk of shipper, 50 brls. P. B. Flour, at \$4.10‡ (J.)....Received from Franklin MacVeagh & Co., Chicago, invoice of Groceries amounting to \$395.50. Terms, 5 and 1/5, 2/30, n/60....George Holden took up his note by giving a new note for 18 days with interest added....Cash sales for the day, \$26.70.§

19. Received G. J. Winslow's note at 30 days in full of his account (J.)....Paid Ashley Ladue cash on account, \$150 (C.B.)....Took goods from store on private account, \$7.85....Bought for cash, 1 Office Desk, \$11.50; 3 Chairs, at \$1.25....Paid cash to farmers, from Safe, for Poultry, Eggs, etc., amounting to \$11.45.¶

20. Sold on account: J. H. Reed, 320 Pine St., 1 lb. Soda, 10¢; 2 sacks Salt, at 10¢; 1 gal. Vinegar, 40¢; 5 lbs. Prunes, at 10¢; 3 qts. Cranberries, at 15¢; 1 lb. Baking Powder, 50¢; 1 can Sardines, 30¢; 5 gals. K. Oil, at 15¢; 5 cakes Yeast, at 2¢; 1 pkg. Soapine, 10¢....Mrs. Oliver Mason, 10 lbs. B. Flour, at 5¢; 1 lb. Chocolate, 30¢; 2 Brooms, at 25¢; 1 box Kirk's Soap, \$3.95; 1 $\frac{1}{2}$ lbs. Jap. Tea, at 50¢; 1 brl. P. B. Flour, \$5....Received cash on account from Mrs. Oliver Mason, \$10....Cash sales for the day, \$44.86.

* Post the Cash Book and Journal and take a Trial Balance, but do not close the Ledger.

† Purchases of merchandise from customers being infrequent, transactions of this character can be disposed of entirely in the Customers' Ledger—the cash paid to balance Nichols's account merely reducing the cash sales for the day.

‡ Instead of journalizing this transaction in the usual manner, it is the practice of many shippers to make a memorandum only of the merchandise shipped, debiting Merchandise for the charges, if any, and treating the returns, when made, as a sale of merchandise.

§ In large houses each salesman is furnished with a book of cash checks, each check having a carbon duplicate, one of which is sent with the money received from the purchaser to the cashier's desk, the other accompanying the goods to the delivery counter. To the cash in the cash drawer at the end of the day is added the amount paid out during the day, and from this is deducted the amounts received from sources other than merchandise sales. This difference represents the cash sales, and should equal the total footings of the salesmen's checks.

¶ Debit Merchandise in the Cash Book.

BUSINESS SERIES, SET VII.

22. Paid cash for repairs on wagon, \$2.15.... Received from E. R. Shepley & Co., Minneapolis, to be sold on their account and risk, 25 brls. Washburn's Superlative Flour. Paid freight on same in cash, at 37½¢ per brl.* (C.B.).... Sold *J. H. Reed*, 320 Pine St., ¼ bush. Beans, at \$2; 3 lbs. Mocha Coffee, at 35¢; 1 sack Salt, 10¢; 1 gal. Vinegar, 38¢; 2 doz. Bananas, at 15¢; 20 lbs. Sugar, at 6¢; 2 qts. Cranberries, at 15¢; 4 doz. Eggs, at 16¢.... Received cash on the following accounts: *J. H. Reed*, \$2.75; *E. P. Kirby*, \$5.... Cash sales for the day, \$25.30.... Remitted Franklin MacVeagh & Co. cash, per Wells, Fargo & Co.'s Express, in payment of their invoice of the 18th inst. Cost of money order for same, 55¢.

23. Received from F. B. Northrup & Co., 806 Olive St., St. Louis, invoice of Provisions, dated Aug. 22, amounting to \$216.53.† Terms, 6/5, 5/10, 2/30, n/60. Paid freight on same in cash, \$23.18.... Sold G. J. Winslow's note of the 19th inst., to Silas Towle for cash, less discount.... Received from Kingman & Co., Peoria, an account sales of Flour shipped on the 18th inst. Net proceeds remitted per check on Third National Bank, Peoria, \$220.18.... Cash sales for the day, \$36.24.... Paid cash for refrigerator, including freight and drayage, \$54.75.

24. Sold to John R. Hall, on account, from E. R. Shepley & Co.'s consignment, 25 brls. Flour, at \$5.10 (J.).... Rendered E. R. Shepley & Co. an account sales. Our charges as follows: Storage, insurance, cooperage, etc., 1 per cent.; ‡ Commission, 3 per cent. Net proceeds placed to their credit §.... Paid cash for wrapping paper and twine, \$6.13; postage stamps, \$1.25.... Cash sales for the day, \$42.19.... Sold Oscar Hull, farmer, on account, 2 brls. Gold Medal Flour, at \$4.75; 1 brl. Western Pork, \$12.50; 50 lbs. C Sugar, at 4½¢.

26. Paid cash for De Forrest Gibson's note due to-day.... Received cash of John R. Hall on account, \$125.... Paid clerk hire to date, \$13.... Cash sales for the day, \$33.23.... W. H. Johnson desires his bill for repairing counters, \$5, to be placed to his credit (J., C.L.).

27. Bought produce of farmer amounting to \$13.20. Gave him in exchange goods amounting to \$8.95; cash from cash drawer for the balance ¶.... Cash sales for the day, \$16.92.... Received Oscar Hull's note at 30 days to balance his account (J., C.L.).

29. Sold on account: *W. H. Johnson*, 3 bush. Potatoes, at 80¢; 5 bush. Turnips, at 65¢; 2 bush. Onions, at 90¢; 2 brls. Apples, at \$2.75; 50 lbs. Gran. Sugar, at 5¢.... *A. H. Nichols*, 1 box Ivory Soap, \$4; 1 brl. P. B. Flour, \$5; 1 keg Syrup, 5 gals., at 80¢; 3 brls. Apples, at \$3.50; 30 lbs. Gran. Sugar, at 5¢; 3 lbs. Jap. Tea, at 50¢; 10 lbs. Lard, at 12¢.... Received cash from E. P. Kirby in full of account.... Cash sales for the day, \$55.26.

31. Elmer Rickner having failed, his assignee, W. H. Aldrich, remits check for net amount due. The statement accompanying the remittance shows his resources to be \$1705.40; liabilities, \$2750.85 ¶.... Paid *Evening Courier's* bill for advertising, \$14.50.... Paid ice bill for the month, \$6.25.... Remitted cash in payment of the net amount of F. B. Northrup & Co.'s invoice per postal order. Cost of same, 70¢.... Cash sales for the day, \$45.39.

INVENTORIES.—Horse and Wagon, \$175; Fixtures, less 3 per cent. purchase price; Merchandise, estimated, in stock, \$1375; from Customers' Ledger, the difference between the total debits and credits, \$——.

NET GAIN, \$——.

* Debit E. R. Shepley & Co.'s consignment.

† If invoices are pasted into an Invoice Book or recorded in an Invoice Register and are to be paid before the expiration of the discount limit, there is no necessity for debiting Merchandise until the invoice is paid. This plan avoids opening an account in the Ledger with the wholesale house, as the discount can be deducted direct from the invoice.

‡ A general "Charges" account is sufficient to represent all returns for our services, excepting commission, which requires a separate account.

§ E. R. Shepley & Co.'s consignment should be debited for the amount of the sale less the freight—in other words, the balance of the account. Credit Charges, Commission, and E. R. Shepley & Co.

¶ In a business of small magnitude, where the exact ratio between the sales and purchases of merchandise is not important, no record need be made of petty purchases of merchandise for which an equivalent amount of merchandise is given in exchange, or when full payment is made for same from the cash drawer. Likewise, cash refunded to customers for merchandise returned requires no record.

¶ The amount of this remittance should be determined by applying the principles of proportion.

BUSINESS SERIES, SET VII.

CASH, AUGUST, 18--.

Aug.				General		Mdse.	
1	R. C. CRAMPTON	Investment		1697	70		
3	MDSE.	Sales for the day				37	65
4	BILLS REC.	R. B. Cilley's note		215			
4	INTEREST	On above note		1	08		
5	MDSE.	Sales for the day				41	30
6	MDSE.	1% off invoice No. 2				8	21
8	MDSE.	Sales for the day				84	45
9	MDSE.	" " "				52	16
11	ELMER RICKNER	On account		125			
12	MDSE.	Sales for the day				54	11
12	MDSE.	Check from Wabash R. R.				7	50
13	MDSE.	Sales for the day				21	40
	MDSE. CR.	Total sales of merchandise		251	78	251	78
	CASH DR.	Total receipts		2290	56		
				2290	56		

SALESMAN'S ORDER BLANK.

14			
Acker, Merrall & Condit,			
RETAIL GROCERS.			
Date, 9/16			
Time taken, 9.30 a.m.			
When wanted, 2 p.m.			
Name, Mrs. L. H. Packard			
Residence, 17 W. 82d St.			
Delivered by Casper			
2	bush. Potatoes	85	1 70
10	lbs. Raisins	12	1 20
4	cans Salmon	20	80
CHARGE			3 70

ORDER BOOK.

AUGUST 2, 18--.

<i>Mrs. Oliver Mason, 514 N. Prairie St.</i>			
✓	2 pks. S. Potatoes	20	40
✓	5 lbs. Butter	23	1 15
✓	1 box Figs		25
✓	2 doz. Oranges	25	50
✓	1 Lemon Extract		25
✓	20 lbs. G. Sugar	5	1
✓	6 " Chicken	12	72
<i>Wm. G. Safford, 317 S. Clay Ave.</i>			
	2 lbs. Java Coffee	25	50
	5 " Rice	6	30
	6 " Mackerel	8	48
	1 qt. Oysters		40
	4 lbs. S. Crackers	8	32

AUGUST 3, 18--.

<i>H. C. Stuart, 310 S. Diamond St.</i>			
	3 lbs. Chipped Beef	20	60
	2 cans Lobster	20	40
	2 lbs. Dairy Butter	20	40
	1 Wooden Pail		15
	20 lbs. B Sugar	5	1
	4 lb. Chocolate	35	18
	2 Brooms	25	50
<i>Frank Robertson, 1053 W. College Ave.</i>			
	5 lbs. Creamery Butter	25	1 25
	10 " Buckwheat Flour	5	50

SALESMAN'S CASH CHECK.

(Stub.)		19	
Amount of Sale		2 11	
Salesman No. 27		19	
Cash Received, \$5			
10	lbs. Sugar	5	50
1	sack Flour		1 25
2	doz. Eggs		36
		2 11	

BUSINESS SERIES, SET VII

CASH, AUGUST, 18--.

				General	Expense.
Aug.	1	EXPENSE	One month's rent		36 50
	1	FIXTURES	Scales, 35; Safe, 120	155	
	1	EXPENSE	Books and Stationery		12 60
	2	MDSE.	J. S. Gould & Co.'s invoice	520 12	
	5	EXPENSE	Insurance, 1500 at 1 1/4%		16 88
	5	MDSE.	Freight on invoice No. 1	21 50	
	5	EXPENSE	For shoeing horse		1 75
	6	MDSE.	Freight on invoice No. 2	15 22	
	6	E. C. HAZARD & Co.	In full of account	320 67	
	6	EXPENSE	Cost of above remittance		40
	13	EXPENSE	Clerk hire to date		13
	13	R. C. CRAMPTON	For private use	17 50	
		EXPENSE DR.	Total expenses	81 13	81 13
		CASH CR.	Total disbursements	1131 14	
			Balance	1159 42	
				2290 56	

CUSTOMERS' LEDGER.

Mrs. OLIVER MASON, 514 N. Prairie St.

Aug.	2	2 pks. S. Potatoes .00 5 lbs. Butter 1.10 1 box Figs .20			
		2 doz. Oranges .00 1 Lemon Extract .25 20 lbs. G. Sugar 1.00			
		6 lbs. Chicken .75	4 27		
	4	4 lbs. Butter returned			92
	8	Cash			3 35
			4 27		4 27
	13	8 lbs. M. Coffee 1.00 4 lbs. Starch .50 2 lbs. Cocoa .00			
		1 lb. Cinnamon .25 1 doz. Nutmegs 1.10 1/2 bush. Beans 1.00			
		Celery .00 25 lbs. Corn Meal .00	3 88		
	20	10 lbs. B. Flour .00 1 lb. Chocolate .20 2 Brooms .00 1 box			
		Kirk's Soap 2.00 1 1/2 lbs. J. Tea .00 1 brl. P. B. Flour .00	11		
		Cash			10

PASS BOOK.

Aug.	3	1/2 bush. Turnips	30	Aug.	11	Forward	1 95
		8 lbs. Chicken	80			3 boxes Enameline	15
		2 Cabbages	30			1 brl. Apples	2 55
		2 cans Peaches	60				4 65
		5 lbs. Codfish	40		16	Cash	4 65
		2 Condensed Milk	40				
		6 lbs. Sugar	30		20	2 doz. Lemons	40
		2 qts. Oysters	75			Celery	15
			8 85			1 Vanilla Extract	25
	8	Cash	2 50			3 lbs. Butter	72
		Balance	1 35			1 brl. Flour	4 95
	11	1 box Shoe Polish	10		25	2 bush. Potatoes	1 50
		2 Brooms	50			4 qts. Cranberries	60
		Forward	1 95			1/2 gal. Vinegar	13

FORM OF INVOICE BOOK.

NO CLAIMS ALLOWED UNLESS MADE WITHIN FIVE DAYS AFTER RECEIPT OF GOODS
ESTABLISHED 1826
ANDREW MCLEAN & CO.
MANUFACTURERS OF
COTTON GOODS.
460 BROOME STREET

Sold to Horton Crary & Co. Sheffield Pa
Terms Net 30 days New York Jan 6 1896



New York, Jan 10 1896
Messrs Horton Crary & Co
Sheffield Pa

REFINED SUGARS
 Sold only for export cash
 within 30 days from date
 of invoice. Bills remaining
 unpaid after maturity will
 be drawn for at sight.

Bought of Austin Nichols & Co
Importers and Wholesale Grocers
306 Nassau St Hudson, Jay & Maple Streets.

All payments must be made directly to the firm unless otherwise specially directed.
 Subscribers are not authorized to make reductions unless provided with written authority from us

Shipped Per *Shiron O Jan 7 1896*
M Horton Crary & Co Sheffield Pa

TERMS CASH. NO DISCOUNT WHATEVER ALLOWED FROM THIS BILL.
 PLEASE HANT ON RECEIPT OF BILLS PER DRAFT IN N.Y. CHICAGO OR NO DUE, AMOUNTS NOT RECEIVED WITHIN 10 DAYS, SUBJECT TO SIGHT DRAFT.

All claims must be made within five days from receipt of goods.

New York Jan 15 1896
Messrs Horton Crary & Co

BOUGHT OF DIECKERHOFF, RAFFLOER & CO.
TERMS 10 days less 6 per cent
 30 days less 5 per cent.
PAYABLE IN NEW YORK CITY FUNDS IN GOLD OR ITS EQUIVALENT **364 & 366 BROADWAY.**
(P. O. N. 642)

3926	5 day Ladies Silk Shawl	14	85		
11055	1 per Egyptian Lace	56	50	448.00	
2132	2 per Black Lacy (spand)	110	110	132.00	
1712	3 per Black Point Curcaine	85	119	25	
	<i>Less 5%</i>		216	47.00	
1022	3 per Black Agate Buttons	270	713		
1022	10 per Black Agate Buttons	10	20.64		
	<i>Less 5%</i>		25	31.05	
				212.34	
					1921.93

BUSINESS SERIES, SET VIII.

Set VIII.—SINGLE ENTRY.

Characteristics.—Utilizing the memorandum of Set VII. to illustrate the processes of Single Entry. Defining the difference between Single and Double Entry and enforcing this distinction by recording the transactions of the preceding Retail business by both forms of entry. Presenting the form of a Single Entry statement and evolving Double Entry from the facts therein contained.

THE SINGLE ENTRY METHOD.

Single Entry Book-keeping differs from Double Entry in two particulars: first, as to the form of its record; and second, as to the information conveyed.

Its form requires a separate Day Book entry for every Ledger entry; and it takes no note of the progress of the business.

Hence, it fails to recognize the two sides of a transaction which in Double Entry form the equation, except in cases where the two sides are separately stated.

The terms “single” and “double” relate, primarily, to the form of entry rather than to the extent or character of the information conveyed—the fact being that in Single Entry only one record is made in the Ledger for each Day Book entry, while in Double Entry at least two records are made. These distinctions, as well as the possibilities of Single Entry, should be understood by the accountant.

And that he may understand them, the set here introduced as an illustration contains the same transactions as recorded in the previous set. It is thus possible to draw the line of distinction between the two methods, and to estimate their comparative merits.

The real distinction between Double Entry and Single Entry lies in the fact that while Double Entry gives the *causes* and *effects* in the movements of business, Single Entry gives only the effects. Through the Double Entry method not only are the resultant facts of loss and gain preserved, but the separate channels are given through which they occur.

Another distinction is that Single Entry, being an imperfect method with no fixed bounds or limitations, cannot easily be formulated into a system or science. It is, however, capable of ready adaptation to the requirements of ordinary business, and with the help of auxiliaries can be made to cover much of the ground covered by Double Entry.

The books ordinarily used in Single Entry are: first, the Day Book, containing the consecutive record; next, the Cash Book, showing receipts and disbursements of cash; next, the Bill Book, containing all necessary information concerning notes and drafts; and finally, the Ledger, in which appear accounts with persons.

In a retail business the Order Book is an important auxiliary; and other auxiliaries may be used to serve convenience. The postings, however, are made from the Day Book, and consist wholly of the items of personal indebtedness.

The student will write up the entire transactions of Set VII., using the forms of Day Book and Cash Book presented on the following pages, and post the entries to the Ledger, making such explanations therein as will clearly indicate the facts. The Ledger may be of the usual Double Entry form, or the form of Customers' Ledger already shown. The teacher will indicate which form should be used.

BUSINESS SERIES, SET VIII.

SINGLE ENTRY DAY BOOK.

August 1, 18—.

R. C. Crampton	Cr.			2615 63
Cash on hand per Cash Book		1697	70	
R. B. Cilley's note per Bill Book		215		
Interest on above note to date			97	
George Holden's note per Bill Book		350		
John R. Hall owes on account		47	20	
G. J. Winslow owes on account		129	75	
Elmer Rickner owes on account		175		
" —————				
R. C. Crampton	Dr.			595 56
Amount due Ashley Ladue		195		
Note favor De Forrest Gibson per Bill Book		175		
Note favor Robert Vickery per Bill Book		225		
Interest accrued on above note			56	
" —————				
John R. Hall	Dr.			47 20
G. J. Winslow	Dr.			129 75
Elmer Rickner	Dr.			175
Balance due me on account				
" —————				
Ashley Ladue	Cr.			195
Balance due him on account				
2 —————				
Mrs. Oliver Mason	Dr.			4 27
2 pks. Sweet Potatoes	20	40		
5 lbs. Butter	23	1 15		
1 box Figs		25		
2 doz. Oranges	25	50		
1 Lemon Extract		25		
20 lbs. Granulated Sugar	5	1		
6 lbs. Chicken	12	72		
" —————				
Wm. G. Safford	Dr.			2
2 lbs. Java Coffee	25	50		
5 " Rice	6	30		
6 " Mackerel	8	48		
1 qt. Oysters		40		
4 lbs. Soda Crackers	8	32		
3 —————				
H. C. Stuart	Dr.			3 23
3 lbs. Chipped Beef	20	60		
2 cans Lobster	20	40		
2 lbs. Dairy Butter	20	40		
1 Wooden Pail		15		
20 lbs. B Sugar	5	1		
1 lb. Chocolate	35	18		
2 Brooms	25	50		

BUSINESS SERIES, SET VIII.

August 3, 18—.

Frank Robertson	Dr.			1 75
5 lbs. Creamery Butter	25	1 25		
10 " Buckwheat Flour	5	50		
<hr/>				
Mrs. Henry J. Clark	Dr.			3 10
½ bush. Turnips	60	30		
8 lbs. Chicken	10	80		
2 Cabbages	15	30		
2 cans Peaches	30	60		
5 lbs. Codfish	8	40		
2 cans Condensed Milk	20	40		
6 lbs. Granulated Sugar	5	30		
<hr/>				
Mrs. Oliver Mason	Cr.			92
4 lbs. Butter returned	23			
<hr/>				
E. C. Hazard & Co.	Cr.			320 67
Invoice dated August 1, 1/10 n/30				
<hr/>				
Mrs. J. T. King	Dr.			9 75
2 lbs. Japan Tea	50	1		
1 brl. Flour		5		
1 " Apples		3		
6 bars Kirk's Soap		25		
½ bush. Onions	80	20		
2 cans Tomatoes	15	30		
<hr/>				
W. H. Johnson	Dr.			1 58
1 can Sardines		30		
3 doz. Eggs	16	48		
2 lbs. Butter	25	50		
1½ doz. Lemons	20	30		
<hr/>				
R. C. Crampton	Dr.			6 75
Merchandise for private use				
<hr/>				
E. C. Hazard & Co.	Dr.			320 67
Remitted draft in full less 1 per cent.				
<hr/>				
A. H. Nichols	Dr.			11 15
40 lbs. G. Sugar	5	2		
2 " Mocha Coffee	35	70		
2 " Japan Tea	50	1		
1 brl. P. B. Flour		5		
3 doz. Lemons	20	60		
5 gals. K. Oil	15	75		
2 btls. Blueing	10	20		
2 gals. Molasses	45	90		

BUSINESS SERIES, SET VIII.

August 8, 18—.

Mrs. Oliver Mason	Cr.			8 35
Cash on account				
Mrs. J. T. King	Cr.			5
Cash on account				
Wm. G. Safford	Dr.			3 79
2 cans Salmon	20	40		
9 lbs. Turkey	16	1 44		
20 " A Sugar	6	1 20		
8 " Butter	25	75		
The student will continue the record through the entire transactions of Set VII.				

SINGLE ENTRY CASH BOOK.

August, 18—.

		Receipts	Payments
1	Balance on hand	1697 70	
1	Paid one month's rent in advance		36 50
1	Bought 3 sets Howe scales, 35; 1 Mosler safe, 120		155
1	Bill of books and stationery		12 60
2	Merchandise bought of J. S. Gould & Co., Chicago		520 12
3	Merchandise sales	37 65	
4	R. B. Cilley paid his note and interest	216 08	
5	Paid B. B. McFadden for insurance on goods		16 88
5	Paid freight on invoice No. 1		21 50
5	Paid for shoeing horse		1 75
5	Merchandise sales	41 30	
6	Paid freight on invoice No. 2		15 22
6	Remitted E. C. Hazard & Co. draft less 1 per cent.		317 46
6	Cost of above remittance at $\frac{1}{2}$ per cent.		40
8	Received from Mrs. Oliver Mason on account	8 35	
8	Received from Mrs. J. T. King on account	5	
8	Merchandise sales	26 10	
9	Merchandise sales	52 16	
11	Received from Elmer Rickner on account	125	
12	Received from Wm. G. Safford on account	5	
12	Received from Frank Robertson on account	4 50	
12	Received from Mrs. H. J. Clark on account	3 25	
12	Merchandise sales	41 36	
12	Check from Wabash R.R. for damages	7 50	
13	Paid clerk hire to date		18
13	R. C. Crampton withdrew for private use		17 50
13	Merchandise sales	21 40	
	Balance		1159 42
		2287 35	2287 35

BUSINESS SERIES, SET VIII.

CHANGING FROM SINGLE TO DOUBLE ENTRY.

If the student has kept in mind the distinctions between the two methods sought to be shown, he will need no help in taking the results obtained at the close of Set VII. and making of them the basis of a Double Entry set.

He will remember that in all the beginnings of the previous sets the starting point was a clear statement of the resources and liabilities; and now, as he has, or can easily make from the facts at hand a complete statement of resources and liabilities, he can at once prepare the books for continuing the business in Double Entry form. This statement is also essential in Single Entry whenever it is desired to know the progress or condition of the business; either with a view to determining the gain or loss, or for any other purpose.

The difference between the net investment or insolvency at beginning and the net worth or insolvency at closing represents the net gain or net loss as the case may be. When this difference has been ascertained, the Proprietor's account should be accordingly debited or credited from the Day Book. Though not showing the results of Set VII., the following statement illustrates the form required.

SINGLE ENTRY STATEMENT.

Resources			
CASH	Per Cash Book	695 28	
BILLS RECEIVABLE	On hand per Bill Book	457 61	
PERSONAL ACCOUNTS	Due me per Ledger	892 18	
MERCHANDISE	Per Inventory	1180 75	
HORSE AND WAGON	" "	270	
FIXTURES	" "	319 85	
RENT	Paid in advance	150	
INTEREST	Accrued on Bills Receivable	47 29	4012 96
Liabilities			
BILLS PAYABLE	Outstanding per Bill Book	675	
PERSONAL ACCOUNTS	Due others per Ledger	1261 95	
EXPENSE	Unpaid salaries to date	45 60	1982 55
	Present Worth		2080 41
	Net Investment		1450
	Net Gain		580 41

It will thus be seen that we are enabled to get at the real worth of the concern with as much precision as by Double Entry, except that we have not the same means of testing the correctness of our work.

The movements in the progress of the business have not been indicated, as none of the Business accounts and only a portion of the Financial accounts have appeared in the Ledger. Such of these accounts as will give a full exhibit of the resources and liabilities must now be represented in the Ledger.

To best accomplish this an entry containing the entire resources and liabilities of the business should be made in the Journal, from which such accounts will be posted to the Ledger as are not already shown thereon. The process of changing from Single to Double Entry will then be completed and the records may be continued in any form desirable.

BUSINESS SERIES, SET IX.

JOURNAL.

New York, September 1, 18—.

	Cash	695 28	
	Bills Receivable	457 61	
✓	Personal Accounts	892 18	
	Merchandise	1180 75	
	Horse and Wagon	270	
	Fixtures	819 85	
	Rent	150	
	Interest	47 29	
			675
✓	Bills Payable		1261 95
	Personal Accounts		45 60
✓	Expense		2030 41
	H. E. Storrs		
	Resources and liabilities (per statement) of H. E. Storrs who has this day changed his books from Single to Double Entry.		

When the items have been posted from the Journal, a Trial Balance should be taken to verify the equality of the debits and credits in the Ledger.

The number of "incidental" accounts to be opened when changing to Double Entry, depends upon what facts the proprietor desires to know at the end of the year. If the total outlay for expenses is all that is required, a single Expense account is sufficient; otherwise, separate accounts would be necessary—such, for instance, as salaries, rent, fixtures, insurance, freight, drayage, traveling expenses, etc., etc.

It is suggested that the student continue this set in Double Entry form by devising his own transactions, or from memoranda outlined by the teacher. This may be carried to the extent of making all collections, paying the debts, disposing of the property, and settling up the business. This practice will approximate the duties of an administrator in adjusting the claims of an estate, or an auditor in winding up the affairs of a firm or corporation.

Set IX.—COMMISSION.

Characteristics.—This set is intended to illustrate the principles and practice of a simple Commission in connection with a general Produce business—the particular feature being the utilization of the Consignment Ledger as a book of original entry, which in connection with the Cash Book, reduces the number of entries in the Journal to a minimum. The auxiliary use of the Check Book, the manner of making deposits, drawing checks, and the recording of the dealings with a bank will be readily understood from the illustrations. Ample material is given for the making of Accounts Sales, Invoices, Accounts Current, and for conducting the correspondence in relation thereto. All documents incidental to the transaction should be carefully written out by the student at the time of recording the transaction. The Cash account may be omitted from the Ledger, the balance only being used in taking a Trial Balance; and, in like manner, the footings of the unclosed consignments, as no account with the consignments is kept in the General Ledger. As the student is now familiar with the general methods of getting results, the use of the "Skeleton Ledger" may be discontinued at this point.

Ledger Accounts.—In the General Ledger give Merchandise, Storage, Insurance, Commission, Expense, Loss & Gain, and Bills Receivable one-half page each; all other accounts, one-fourth page each. In the Consignment Ledger put four accounts on a page.*

New York, June 1, 18—. The proprietor, William L. Strong, invests in cash, \$4500....
Paid cash for three months' store rent, \$375.... Deposited in Second National Bank, \$3500.

* A Consignment account represents goods received to be sold on commission. It is debited for all charges against it, and for the net proceeds. It is credited for all sales. If unclosed at the time of making a statement, it will exhibit a resource if the charges exceed the sales, and a liability if the sales exceed the charges.

BUSINESS SERIES, SET IX.

2. Received from Morse & Phillips set of office furniture. Paid bill per check, \$125....Bought of Kennett, Hopkins & Co., on our acceptance at 10 ds., 100 brls. Flour, at \$4.50....Paid J. J. Little & Co.'s bill for printing and stationery per check, \$36.50.

3. Paid cash for painting signs, \$25; also for set of stencils, \$12.85....Took out open policy of insurance in the Germania Fire Insurance Co. to cover any property in store, \$10000 at one-half per cent. Paid premium per check*....Received per Steamer *Chrystenah* from Louis Washburn, Peekskill, to be sold on his account and risk, 150 brls. Potatoes (Lot 1).† Paid freight and drayage in cash, \$22.50.

5. Sold Jas. S. Day, for cash, 60 brls. Flour, at \$4.80; and from Lot 1, 75 brls. Potatoes, at \$1.50‡....Deposited, \$500....Paid Marvin Safe Co.'s bill for office safe per check, \$400.

6. Received via N. Y. C. R. R. from Stansell & Co., Chicago, to be sold on their account and risk, 50 brls. Mess Pork; 40 brls. Beef Hams (Lot 2). Paid freight per check, \$90....Sold Hotel Waldorf from Lot 1, 40 brls. Potatoes, at \$1.50. Received in payment their check on Sixth National Bank....Paid cash for salaries, \$25....Bought of Lane & Fox, on account, 100 boxes Fancy Cheese, 2875 lbs., at 9¢....Deposited, \$400.

8. Received via Penn. R. R. from F. S. Shepherd, Minneapolis, to be sold on joint account of consignor and ourselves, each one-half, 150 brls. Flour, invoiced at \$3.50 (Lot 3). Paid freight per check, \$137.50....Sold N. Straus, for cash, from Lot 1, 10 brls. Potatoes, at \$1.50; and from Lot 2, 5 brls. Mess Pork, at \$12.75; 2 brls. Beef Hams, at \$19....Sold Benjamin Logan, on account, from Lot 1, 25 brls. Potatoes, at \$1.55....Closed Lot 1 and rendered Louis Washburn an account sales.‡ Our charges as follows: Storage, \$3; Insurance, \$0.28; Commission, 2½ per cent. on sales, \$5.66. Net proceeds placed to his credit....Sold Roy & Black, on their note at 10 ds., from Lot 3, 20 brls. Flour, at \$5.

9. Sold C. S. Hallett, for cash, 40 brls. Flour, at \$4.80; from Lot 3, 10 brls. Flour, at \$5....Sold Ferris & Reehill, on account, from Lot 2, 20 brls. Pork, at \$12.80; 15 brls. Beef Hams, at \$19....Received via Penn. R. R. from C. T. Demarest, Trenton, to be sold on his account and risk, 500 boxes Tomatoes (Lot 4). Paid drayage in cash, \$10....Bought of Kauland & Co., on our note at 10 ds., 50 tubs Creamery Butter, 1480 lbs., at 16¢....Deposited, \$360....Sold Park & Tilford, on their acceptance at 10 ds., from Lot 2, 25 brls. Pork, at \$12.75.

10. Paid Louis Washburn's sight draft on us for balance of his account, per check....Sold Plaza Hotel from Lot 4, 100 boxes Tomatoes, at 95¢; from Lot 2, 23 brls. Beef Hams, at \$18.90. Received in payment their check on Plaza Bank....Closed Lot 2, and rendered Stansell & Co. an account sales. Our charges as follows: Storage, \$2.70; Insurance, \$1.75; Commission, 2½ per cent. on sales. Net proceeds remitted per check....Sold Richard Kampf, on account, 20 boxes Cheese, 560 lbs., at 15¢; 15 tubs Butter, 450 lbs., at 22¢....Deposited the check received from Plaza Hotel.

11. Received from Ferris & Reehill cash in full of account....Sold Charles & Co., on account, from Lot 3, 25 brls. Flour, at \$5....Sold Lehman Bros., for cash, from Lot 3, 50 brls. Flour, at \$4.95....Deposited, \$825.

12. Paid our acceptance No. 1 per check....Sold Irving Davis, for cash, 20 tubs Butter, 580 lbs., at 21¢; from Lot 4, 250 boxes Tomatoes, at 93¢....Received per Steamer *Chrystenah* from Louis Washburn, Peekskill, to be sold on his account and risk, 300 brls. Potatoes; 25 cases Raspberries; 50 cases Strawberries (Lot 5). Paid freight and drayage in cash, \$55....Sold Benjamin Logan, on account, from Lot 5, 25 cases Raspberries, at \$1.50....Deposited, \$300.

* It is customary for commission merchants to effect a general insurance on all property that may be in the warehouse, making the amount large enough to cover all probable risks, and then charge consignors a sufficient percentage to cover the outlay. They thus become insurers to their consignors, and in turn transfer their risks to the Insurance Company, not unfrequently realizing in this way a small margin of gain.

† The first entry for this consignment would be made in the Receiving Book, stating the date of arrival, and copying from the Bill of Lading the name of the steamer or railroad, and all the essential facts as to the quantity and kind of goods, by whom forwarded, at what date, and on whose account to be sold, charges accrued, etc. As each consignment is received it is given a consecutive Lot number, and each package belonging to that consignment is stenciled with this number, and thereafter such goods are designated by their Lot number instead of the shipper's name. As the particulars which would be entered are not essential to the working of the set, the Receiving Book is not illustrated.

‡ Sales from consignments for cash are entered in both Consignment Ledger and Cash Book, and checked in both places.

‡ The name of the purchaser is not entered in the account sales as it would reveal the customer to the consignor.

BUSINESS SERIES, SET IX.

13. Received from Richard Kampf in full of account his sight draft on Milmine, Bodman & Co. Sold Percy Baldwin, for cash, from Lot 4, 150 boxes Tomatoes, at 90¢ Sold Hunt & Co., for cash, 35 boxes Cheese, 1015 lbs., at 15¢; from Lot 3, 30 brls. Flour, at \$4.95 Closed Lot 4, and rendered C. T. Demarest an account sales. Our charges as follows: Storage, \$2.50; Insurance, \$0.75; Commission, 2½ per cent. on sales. Net proceeds remitted per check Paid cash for salaries, \$25 Deposited, \$600 Sold Ferris & Reehill, on account, from Lot 5, 50 cases Strawberries, at \$1.25.

15. Bought of Kennett, Hopkins & Co., on our note at 30 ds., 500 brls. Flour, at \$4.25 Sold C. S. Hallett, for cash, 50 brls. Flour, at \$4.75 Sold Roy & Black, on account, from Lot 3, 15 brls. Flour, at \$5 Closed Lot 3, and rendered F. S. Shepherd an account sales. Our charges as follows: Storage, \$4.50; Insurance, \$1.25; Commission, 2½ per cent. on sales; our one-half net gain, \$29.55. His net proceeds remitted by draft on First National Bank, Minneapolis, bought at Second National Bank, per check Deposited, \$200.

17. Received via B. & O. R. R. from Paul Worth, Wilmington, to be sold on his account and risk, 300 baskets Peaches; 180 crates Apricots (Lot 6) Sold Ferris & Reehill, on account, 15 tubs Butter, 450 lbs., at 23¢; 45 boxes Cheese, 1300 lbs., at 16¢ Sold Benjamin Logan, on account, 50 brls. Flour, at \$4.80 Paid Westcott Express Co.'s bill for drayage and freight on Lot 6, per check, \$52.85.

18. Received cash for Roy & Black's note of the 8th inst. Received from Charles & Co. cash in full of account Deposited, \$150.

19. Paid our note No. 2 per check Bought of Lane & Fox, on account, 200 boxes Fancy Cheese, 5060 lbs., at 8½¢ Sold Charles & Co., on account, from Lot 6, 150 baskets Peaches, at 75¢; 60 crates Apricots, at 90¢ Sold Hotel Majestic, for cash, from Lot 5, 200 brls. Potatoes, at \$1.80 Received cash for Park & Tilford's acceptance of the 9th inst. Deposited, \$650.

20. Remitted Lane & Fox, on account, our sight draft on Ferris & Reehill for \$374 Sold C. A. Claussen, on his note at 30 ds., from Lot 6, 150 baskets Peaches, at 65¢; 120 crates Apricots, at 80¢ Closed Lot 6, and rendered Paul Worth an account sales. Our charges as follows: Storage, \$5; Insurance, \$0.75; Commission, 2½ per cent. on sales. Net proceeds placed to his credit Paid cash for salaries, \$35.

22. Paid our note No. 3 favor Kennett, Hopkins & Co. less discount, — ds. Net amount paid per check Bought of R. A. Yellowlee, per check, 150 tubs Creamery Butter, 4530 lbs., at 15¢ Sold G. W. Balch, on his note at 20 ds., 300 brls. Flour, at \$4.80 Paid cash for postage, stationery, and telegrams, \$4.38.

24. Received via N. Y. C. R. R. from F. S. Shepherd, Minneapolis, to be sold on his account and risk, 250 brls. Flour (Lot 7). Paid freight per check, \$218 Sold Roy & Black, on account, from Lot 5, 100 brls. Potatoes, at \$1.85 Closed Lot 5, and rendered Louis Washburn an account sales. Our charges as follows: Storage, \$6; Insurance, \$1.08; Commission, 2½ per cent. on sales. Net proceeds placed to his credit.

26. Received of Roy & Black cash in full of account Sold J. L. Hoppock, for cash, 50 boxes cheese, 1490 lbs., at 14¢; 40 tubs Butter, 1210 lbs., at 22¢ Received via Fall River Line from Jas. Bingham & Co., Providence, to be sold on his account and risk, 75 tubs Butter, 1875 lbs. (Lot 8). Paid freight and drayage in cash, \$18.75 Accepted Louis Washburn's draft at 10 ds. for the balance of his account.

27. Bought of H. O. Armour & Co., 60 brls. Family Pork, at \$12.50. Paid them cash, \$600; check for balance Paid cash for salaries, \$35 Received of Benjamin Logan, on account, his check on Garfield National Bank for \$200.

29. Sold Fifth Avenue Hotel, on account, 10 brls. Pork, at \$14.80; 5 boxes Cheese, 148 lbs., at 13¢; 8 tubs Butter, 235 lbs., at 22¢; from Lot 8, 7 tubs Butter, 200 lbs., at 19¢ Paid cash for Paul Worth's sight draft on us for balance of his account Paid William Golden's bill for drayage for the month per check, \$86.75.

30. The proprietor admits as a partner in the business, Henry L. Burnett, who is to make a cash investment equal to the present net worth; the business to be conducted under the firm name of W. L. Strong & Co.—each partner to give his time to the business, and the losses and gains to be divided equally.

BUSINESS SERIES, SET IX.

INVENTORIES.—Merchandise, 100 brls. Flour, at \$4.30; 245 boxes Cheese, 4322 lbs., at 9¢; 102 tubs Creamery Butter, 3085 lbs., at 16¢; 50 brls. Family Pork, at \$12.50; Rent—two mos. unexpired, \$250; Furniture, \$500; Insurance—eleven mos. unexpired, \$45.83.

RESULTS.—Cash, in Safe, \$135.97; in Bank, \$731.06. Net gain, \$514.24.

VOUCHERS.—1 (June 3). Invoice from Louis Washburn; 2 (June 6). Invoice from Stansell & Co.; 3 (June 8). Invoice from F. S. Shepherd; 4 (June 8). Account Sales and Letter to Louis Washburn; 5 (June 9). Invoice from C. T. Demarest; 6 (June 10). Account Sales and Letter to Stansell & Co.; 7 (June 12). Invoice from Louis Washburn; 8 (June 13). Account Sales and Letter to C. T. Demarest; 9 (June 15). Account Sales, Bank Draft, and Letter to F. S. Shepherd; 10 (June 17). Invoice from Paul Worth; 11 (June 20). Account Sales and Letter to Paul Worth; 12 (June 24). Invoice from F. S. Shepherd; 13 (June 24). Account Sales and Letter to Louis Washburn; 14 (June 26). Invoice from Jas. Bingham & Co.

INVOICE OF MDSE. SHIPPED WM. L. STRONG, PER STEAMER "CHRYSTENAH," TO BE SOLD ON OUR ACCOUNT AND RISK.

B	150 brls. Potatoes				
	LOUIS WASHBURN.				
	PEEKSKILL, N. Y., June 2, 18—				

INVOICE OF MDSE. SHIPPED WM. L. STRONG, NEW YORK, VIA PENNSYLVANIA RAILROAD, TO BE SOLD ON JOINT ACCOUNT AND RISK, EACH ONE-HALF.

B	150 brls. Flour	@ \$3.50			525
	F. S. SHEPHERD.				
	MINNEAPOLIS, MINN., June 6, 18—	Per			

ACCOUNT SALES OF 150 BRLS. POTATOES FOR ACCOUNT AND RISK OF LOUIS WASHBURN, BY WM. L. STRONG.

18— June	5	Cash,	75 brls. Potatoes @ \$1.50	112	50		
	6	"	40 " " " 1.50	60			
	8	"	10 " " " 1.50	15			
	8	On account,	25 " " " 1.55	38	75	226	25
Charges							
June	3	Freight and drayage		22	50		
	8	Storage		3			
		Insurance			28		
		Commission, 2½% on sales		5	66	31	44
		Net proceeds				194	81
E. & O. E.							
WM. L. STRONG.							
New York, June 8, 18—							
Per							

BUSINESS SERIES, SET IX.

BANK CHECK BOOK

DEPOSIT SLIP.				Date	Items	Deposits
DEPOSITED IN Second National Bank BY WM. L. STRONG. <i>New York, June 1, 18—.</i>				June 1	Bills 500. Specie 150. Checks—J. H. 650.75 S. S. P. 1200. M. & D. 360.25 B. & Co. 639.	3500
Bills	500					
Specie	150					
Checks	650	75				
	1200					
	360	25				
	639					
	3500					

PASS BOOK.

Dr. Second National Bank in				acct. with Wm. L. Strong. Cr.			
18—				18—			
June 1	Cash.....H	3500		June 2	Check No. 1..	125	
5	".....H	500		2	" 2..	36	50
6	".....H	400		5	" 3..	50	
				5	" 4..	400	
				6	" 5..	90	
					Balance.....	3698	50
		4400				4400	00
June 6	Balance.....	3698	50				
9	Cash.....H	360					

211 50

CASH, JUNE, 18—.

June	1	WM. L. STRONG	Investment		4500	
	5	MDSE.	Sale to Jas. S. Day		288	
	5	LOT 1	" " "	✓	112	50
	6	LOT 1	Sale to Hotel Waldorf	✓	60	
	8	LOTS 1, 2	Sale to N. Straus	✓	116	75
	9	MDSE.	Sale to C. S. Hallett		192	
	9	LOT 3	" " "	✓	50	
	10	LOTS 4, 2	Sale to Plaza Hotel	✓	529	70
	11	FERRIS & REEHILL	In full of account		541	
	11	LOT 3	Sale to Lehman Bros.	✓	247	50
	12	MDSE.	Sale to Irving Davis		121	80
	12	LOT 4	" " "	✓	232	50
	13	RICHARD KAMPF	In full of account		183	

BUSINESS SERIES, SET IX.

AND AUXILIARIES.

No. 1. Date, June 2 To Morse & Phillips For Furniture Amount 125	No. 1. <i>New York, June 2, 18—.</i> Second National Bank <i>Pay to the order of MORSE & PHILLIPS</i> <i>One Hundred Twenty-five</i> <i>DOLLARS.</i> <i>\$125⁰⁰/₁₀₀.</i> WM. L. STRONG.
No. 2. Date, June 2 To J. J. Little & Co. For Stationery Amount 36 50	No. 2. <i>New York, June 2, 18—.</i> Second National Bank <i>Pay to the order of J. J. LITTLE & CO.</i> <i>Thirty-six</i> ⁵⁰ / ₁₀₀ <i>DOLLARS.</i> <i>\$36⁵⁰/₁₀₀.</i> WM. L. STRONG.
No. 3. Date, June 3 To Germania Ins. Co. For 12 Mos. Ins Amount 50	No. 3. <i>New York, June 3, 18—.</i> Second National Bank <i>Pay to the order of GERMANIA FIRE INSURANCE CO.</i> <i>Fifty</i> <i>DOLLARS.</i> <i>\$50.</i> WM. L. STRONG.

The Check Book removes the necessity of keeping a Bank account in the Ledger. If the transactions are few in number, the deposits may be added to the previous balance singly and the checks subtracted separately as drawn, or the balance may be entered at the end of each page. In a larger business the deposits are itemized direct from the Deposit Slip together with the name or initials of the signer of each check, that the amounts may be easily traced in case of error. The footings of both deposits and checks are then forwarded from page to page until the end of the month when the balance is entered. The difference between these forwarded footings indicates the balance, which may be entered, in pencil, daily or whenever desired. The Pass Book is usually balanced by the bank at the end of the month and the canceled checks returned.

CASH, JUNE, 18—.

June	1	RENT	3 months in advance		375	
	2	FURNITURE	Morse & Phillips's bill		125	
	2	EXPENSE	J. J. Little & Co., for stationery		36	50
	3	EXPENSE	Signs and stencils		37	85
	3	INSURANCE	Open policy in G. F. I. Co.		50	
	3	LOT 1	Freight	✓	22	50
	5	FURNITURE	Marvin Safe Co.'s bill		400	
	6	LOT 2	Freight	✓	90	
	6	EXPENSE	Salaries		25	
	8	LOT 3	Freight	✓	137	50
	9	LOT 4	Drayage	✓	10	
	10	LOUIS WASHBURN	Sight draft in full of account		194	81
	10	LOT 2	Net proceeds remitted Stansell & Co.	✓	1266	84

BUSINESS SERIES, SET IX.

CONSIGNMENT

Lot 1.

LOUIS WASHBURN.

18-		Received per Str. <i>Chrystenah</i> 150 brls. Potatoes					
June	3	CASH	Paid freight and drayage	✓	22	50	
	8	STORAGE	Our charges		3		
		INSURANCE	" "			28	
		COMMISSION	2½% on sales		5	66	81
		LOUIS WASHBURN	Net proceeds credited				44
						194	81
						226	25

Lot 2.

STANSELL & CO.,

18-		Received via N. Y. C. R. R.					
		50 brls. Mess Pork, 40 brls. Beef Hams					
June	6	CASH	Paid freight per check	✓	90		
	10	STORAGE	Our charges		2	70	
		INSURANCE	" "		1	75	
		COMMISSION	2½% on sales		34	91	129
		CASH	Net proceeds remitted per check	✓			36
						1266	84
						1396	20

Lot 3.

F. S. SHEPHERD.

18-		Received via Pennsylvania R. R. to be sold on joint account of consignor and ourselves, each one-half, 150 brls. Flour, invoiced at \$3.50, \$525.					
June	8	CASH	Paid freight per check	✓	137	50	
	15	STORAGE	Our charges		4	50	
		INSURANCE	" "		1	25	
		COMMISSION	2½% on sales		18	65	
		LOSS & GAIN	Our one-half net gain		29	55	191
		CASH	Net proceeds remitted by draft	✓			45
						554	55
						746	

Lot 4.

C. T. DEMAREST.

18-		Received via Pennsylvania R. R. 500 boxes Tomatoes					
June	9	CASH	Drayage	✓	10		
	13	STORAGE	Our charges		2	50	
		INSURANCE	" "			75	
		COMMISSION	2½% on sales		11	56	24
		CASH	Net proceeds remitted per check	✓			81
						437	69
						462	50

BUSINESS SERIES, SET IX.

LEDGER.

PEEKSKILL, N. Y.

18- June	5	CASH	Jas. S. Day,	75	brls. Potatoes	@ \$1.50	✓				112	50
	6	CASH	Hotel Waldorf,	40	" "	" 1.50	✓				60	
	8	CASH	N. Straus,	10	" "	" 1.50	✓				15	
	8	BENJAMIN LOGAN, on ac,	25	" "	" 1.55						38	75
											226	25

CHICAGO.

18- June	8	CASH	N. Straus,	5	brls. Mess Pork	@ \$12.75	✓	63	75			
				2	" Beef Hams	" 19.	✓	38			101	75
	9	FERRIS & REEHILL, on ac,	20	" Mess Pork	" 12.80			256				
			15	" Beef Hams	" 19.			285			541	
	9	BILLS REC.	10 ds.,	25	" Mess Pork	" 12.75					318	75
	10	CASH	Plaza Hotel,	23	" Beef Hams	" 18.90	✓				434	70
											1396	20

MINNEAPOLIS.

18- June	8	BILLS REC.	10 ds.,	20	brls. Flour	@ \$5.					100	
	9	CASH	C. S. Hallett,	10	" "	" 5.	✓				50	
	11	CHARLES & Co., on ac,	25	" "	" 5.						125	
	11	CASH	Lehman Bros.,	50	" "	" 4.95	✓				247	50
	13	CASH	Hunt & Co.,	30	" "	" 4.95	✓				148	50
	15	ROY & BLACK, on ac,	15	" "	" 5.						75	
											746	

TRENTON, N. J.

18- June	10	CASH	Plaza Hotel,	100	boxes Tomatoes	@ 95¢	✓				95	
	12	CASH	I. Davis,	250	" "	" 93¢	✓				232	50
	13	CASH	P. Baldwin,	150	" "	" 90¢	✓				135	
											462	50

BUSINESS SERIES, SET X.

Set X.—COMMISSION, CONTINUED.

Characteristics.—Continuing the business of Set IX. under a new proprietorship, the new partner, Henry L. Burnett, investing cash equal to the net investment of the former proprietor, which is shown in his account after carrying to it the gain. The same Ledger accounts, with balances brought down, continued; as also all books of original entry. Extending the business by shipping goods to other points and receiving remittances for returns of same in various ways. Fixing the equated time of payment of the proceeds of consignments, and effecting settlements by remitting the cash balance due at the present time. Protesting a dishonored note and finally compromising with the debtor. The vouchers, or any part of them, may be omitted at the discretion of the teacher.

New York, July 1, 18—. Henry L. Burnett invests as follows: Certificate of Deposit on Chemical National Bank, \$1500; Certified Check on Chatham Square Bank, \$1000; Fourth National Bank's Draft on Globe National Bank, Boston, \$1685; Check on Second National Bank, \$700; Currency for balance, \$——— Strong & Co. open an account with Second National Bank and deposit amount invested by Henry L. Burnett; also Wm. L. Strong's check in favor of the firm for his balance on deposit. Total amount deposited, \$5745.30*—Paid cash for repainting signs, \$20—Paid Dempsey & Carroll's bill for stationery, per check No. 1, \$28.75.

2. Sold H. N. Carver, 50 brls. Flour, at \$4.85. Received his note at 15 ds. for \$150; cash for balance—Received via Penn. R. R. from C. T. Demarest, Trenton, to be sold on his account and risk, 200 baskets Peaches, 300 boxes Tomatoes (Lot 9). Paid cash for drayage, \$12.75—Sold E. H. Low, for cash, from Lot 9, 200 baskets Peaches, at 70¢; 300 boxes Tomatoes, at 90¢—Closed Lot 9, and rendered C. T. Demarest an account sales. Commission, 2½ per cent. Net proceeds remitted in cash per American Express.

3. Sold M. E. Bogarte, on his note at 10 ds., from Lot 8, 40 tubs Butter, 1020 lbs., at 19½¢—Sold Charles & Co., on account, at 30 ds., from Lot 7, 50 brls. Flour, at \$4.95—Sold August Belmont, for cash, 100 boxes Cheese, 2950 lbs., at 13¢—Paid cash for salaries, \$35—Deposited, \$400.

6. Paid our acceptance of June 26 in favor of Louis Washburn, per check—Sold R. M. Easley, on note at 30 ds., from Lot 7, 100 brls. Flour, at \$4.95—Discounted above note at Second National Bank and deposited the proceeds—Received via B. & O. R. R. from Orvis Bros., Louisville, to be sold on their account and risk, 250 brls. Apples (Lot 10). Paid cash for freight and drayage, \$67.50.

7. Sold F. P. Fernald, for cash, from Lot 8, 28 tubs Butter, 655 lbs., at 19¢—Closed Lot 8, and rendered Jas. Bingham & Co. an account sales. Our charges as follows: Storage, \$3; Insurance, \$0.85; Commission, 2½ per cent. Net proceeds remitted by bank draft purchased at Second National Bank, per check—Deposited, \$200.

8. Bought of Jewett Milling Co. (F. O. B.), and shipped via B. & O. R. R. to Henry Hentz & Co., Baltimore, to be sold on our account and risk, 500 brls. Flour, at \$3.90. Paid bill for same per check—Received via West Shore R. R. from Stansell & Co., Chicago, to be sold on their account and risk, 125 brls. Beef Hams (Lot 11). Paid freight per check, \$118.75; and drayage in cash, \$20—Remitted Lane & Fox in full of account our sight draft on Benjamin Logan for amount due us; check for balance.

9. Bought of Jewett Milling Co., on account, at 30 ds. (less 2 per cent., 10 ds.), 500 brls. Flour, at \$4—Accepted Stansell & Co.'s draft, at 5 ds., in favor of Fowler Bros., payable at Second National Bank, for \$750, as an advance on Lot 11—Sold E. E. Pelham, for cash, from Lot 7, 50 brls. Flour, at \$4.90; from Lot 10, 75 brls. Apples, at \$2.25—Bought of H. O. Armour & Co., per check, 100 brls. Pork, at \$11.25—Deposited, \$350.

10. Shipped via N. Y., N. H. & H. R. R. to Young & Jenkins, Boston, to be sold on our joint account and risk, each one-half, 200 brls. Flour, at \$4; 125 brls. Pork, at \$12. Paid drayage in cash, \$25—Sold Gilsey House, for cash, 25 boxes Cheese, 760 lbs., at 13½¢; 20 tubs Butter, 580 lbs., at 22¢; from Lot 7, 50 brls. Flour, at \$4.90—Closed Lot 7, and rendered F. S. Shepherd an account sales. Our charges as follows: Storage, \$7.50; Insurance, \$2.25; Commission, 2½ per cent. Net proceeds placed to his credit due by equation Aug. 2—Deposited, \$450.

*The laws governing endorsements apply to checks, consequently the student should make the proper transfers in accordance therewith.

*It is customary for consignors to draw against their consignments, the draft ordinarily accompanying the Bill of Lading.

BUSINESS SERIES, SET X.

11. Sold Fifth Avenue Hotel, on account, 50 brls. Flour, at \$4.85; from Lot 11, 20 brls. Beef Hams, at \$19.50; from Lot 10, 50 brls. Apples, at \$2.35....Sold Henri Ruifrok, on his note at 10 ds., from Lot 11, 25 brls. Beef Hams, at \$19.25; from Lot 10, 75 brls. Apples, at \$2.40....Bought of H. O. Armour & Co., on our note at 10 ds., payable at Second National Bank, 100 brls. Pork, at \$11.75....Paid salaries in cash, \$40.

13. Sold Hotel Savoy, 20 boxes Cheese, 612 lbs., at 13½¢; 40 tubs Butter, 1250 lbs., at 21½¢; 25 brls. Pork, at \$13.50. Received in payment Pierpont Morgan's acceptance of July 10, at 10 ds., their favor, for \$150; cash for balance....Received cash for M. E. Bogarte's note of July 3....Deposited Morgan's acceptance in Second National Bank for collection*....Received of G. W. Balch in payment of his note due July 12, a new note at 15 ds. with interest at 6 per cent. added.

14. Received via Clyde Line from T. E. Ward & Co., Savannah, to be sold on our joint account and risk, each one-half, 500 brls. Sweet Potatoes, invoiced at \$1.75 per brl. (Lot 12). Paid freight per check, \$50; drayage in cash, \$25....Sold Roy & Black, from Lot 11, 30 brls. Beef Hams, at \$19.75. Received in payment Armour & Co.'s note for \$400, dated July 9, at 20 ds., endorsed by Charles & Co.; balance on account....Our acceptance No. 1 of the 9th inst. has been paid by the Bank and charged to us†....Deposited, \$350.

15. Sold Jas. S. Day, for cash, from Lot 12, 100 brls. Potatoes, at \$2.50....Sold Hunt & Co., for cash, 50 brls. Flour, at \$4.65; from Lot 10, 25 brls. Apples, at \$2.35....Bought of Lane & Fox, for cash, 200 boxes Cheese, 6254 lbs., at 9½¢....Accepted T. E. Ward & Co.'s draft, at 10 ds., for \$650, in favor of Acker, Merrill & Co., on account of Lot 12.

16. Received an account sales of goods shipped Young & Jenkins 10th inst. Net proceeds placed to our credit due by equation July 26, \$2662.50. Drew on them at 10 ds. after date for the full amount and deposited the draft for collection....Sold Benjamin Logan, on account, 42 tubs Butter, 1255 lbs., at 20¢....Paid Jewett Milling Co. in full of account, less 2 per cent., our sight draft on Fifth Avenue Hotel for amount due us; check for balance....Paid Orvis Bros.' sight draft on account of Lot 10, per check, \$250.

17. Received cash of H. N. Carver for his note of July 2....Sold Perry Davis, from Lot 10, 25 brls. Apples, at \$2.30. Received in payment his check on Park National Bank....Closed Lot 10, and rendered Orvis Bros. an account sales. Our charges as follows: Storage, \$7.50; Insurance, \$0.97; Commission, 2½ per cent. Net proceeds remitted per certified check.

18. Received of Henry Hentz & Co., Baltimore, an account sales of Flour shipped on the 8th inst. They have remitted draft on Chase National Bank for the net proceeds, \$2220.37, less premium, \$2.78†....Paid salaries in cash, \$40....Deposited the draft on Chase National Bank.

20. Morgan's acceptance, deposited for collection on the 13th inst., has been paid and the amount placed to our credit§....Sold H. N. Carver, for cash, from Lot 12, 75 brls. Potatoes, at \$2.45....Received cash for C. A. Claussen's note due to-day....Deposited, \$500....Bought of Kneeland & Co., on our note at 30 ds., 100 tubs Butter, 3275 lbs., at 16¢.

21. Our note No. 2 in favor Armour & Co. due to-day, has been paid by the Bank and charged to us....Sold Samuel Mountain, for cash, 25 brls. Flour, at \$4.80; 25 brls. Pork, at \$13.25....Received cash for Henri Ruifrok's note of July 11....Deposited, \$1100.

22. Bought of Milmine, Bodman & Co., per check, 600 brls. Minnesota Flour, at \$3.85 (F. O. B.), and shipped via B. & O. R. R. to Mandell & Co., Atlanta, to be sold on our account and risk. Paid insurance on same in cash, \$2.50....Received cash of Charles & Co. in full of account....Deposited, \$450.

* This amount cannot be considered as a deposit until the bank renders an account of its collection, and no entry should be made in either the Cash Book or Check Book until that time. A memorandum of the transaction may be kept in the Bill Book, or in any manner most convenient for the accountant.

† It is unnecessary to draw a check for this amount, as the bank will pay it upon presentment. The proper account must be debited from the Cash Book.

‡ The cost of remitting the proceeds is an expense to the consignor. Ordinarily the Shipment would be credited for the full amount, the cost of the draft being charged to the Expense account.

§ The amount of this collection should now be entered in the Check Book as a deposit; the acceptance having been redeemed, the proper credit must also be made from the Cash Book.

BUSINESS SERIES, SET X.

23. Sold Ferris & Reehill, on account, from Lot 12, 250 brls. Sweet Potatoes, at \$2.40.... Bought of Park & Tilford, per check, an invoice of Groceries amounting to \$793.54, for Louis Washburn, Peekskill, as per his order and instructions. Our commission for purchasing, 2 per cent. Sold T. Baker, for cash, 20 boxes Cheese, 500 lbs., at 14¢.... Accepted F. S. Shepherd's draft at 10 ds. for amount due him, payable at Second National Bank.

24. Sold Edward O. Leech, 100 boxes Cheese, 3124 lbs., at 16¢. Received in payment his note at 30 ds. with interest at 6 per cent. added, which we have deposited for collection.... Sold J. E. Milholland, 75 brls. Pork, at \$13.50. Received in payment our note No. 4 in favor of Kneeland & Co., less discount for — ds.; his note at 20 ds. for balance.... Sold Lehman Bros., for cash, from Lot 11, 50 brls. Beef Hams, at \$19.25.... Deposited, \$962.50.... Closed Lot 11, and rendered Stansell & Co. an account sales. Our charges as follows: Storage, \$6.25; Insurance, \$3.30; Commission, 2½ per cent. Net proceeds due by equation July 26, \$1467.29; which we have remitted, less discount for 2 ds., per certified check.

25. Bought of Jewett Milling Co., on account, 400 brls. City Mills Patent Flour, at \$3.95.... Paid our acceptance No. 3 in favor Acker, Merrill & Co., per check.... Received via Royal Blue Line from F. B. Northrup & Co., St. Louis, to be sold on their account and risk, 250 brls. Pork (Lot 13). Paid drayage in cash, \$28.25.... Paid salaries in cash, \$40.

27. Shipped Henry Hentz & Co., Baltimore, to be sold on our account and risk, 500 brls. Flour, worth \$3.95 per brl. Paid cash for drayage, \$25; and insurance, \$2.50.... Drew at sight on Henry Hentz & Co. for \$1200 on account of Shipment to Baltimore No. 2, and deposited the draft.... The draft on Young & Jenkins of the 16th inst. has been collected by the Bank and placed to our credit.

28. Sold Charles & Co., for cash, 25 tubs Butter, 760 lbs., at 23¢.... Presented for payment G. W. Balch's note of the 13th inst. Payment being refused, we had the note protested by a Notary Public. Protest fees paid in cash, \$1.25*.... Sold W. S. Travis, for cash, from Lot 13, 50 brls. Pork, at \$12.50.... Deposited, \$800.

29. Drew at sight on Louis Washburn for amount due us and remitted the draft to Jewett Milling Co., on account.... Received cash for Armour & Co.'s note of July 9.... Sold F. I. Maguire, for cash, from Lot 12, 75 brls. Potatoes, at \$2.35.... Closed Lot 12, and rendered T. E. Ward & Co. an account sales. Our charges as follows: Storage, \$10.60; Insurance, \$1.45; Commission, 2½ per cent. Net proceeds due by equation July 14. Cash balance remitted by certified check.... Deposited, \$550.

30. G. W. Balch having failed, compromises with his creditors at 90 cents on the dollar. Received in full payment of his indebtedness, cash, \$400.37; note at 10 ds. endorsed by August Belmont for balance.... Received an account sales of goods shipped to Mandell & Co., Atlanta. Net proceeds due by equation Aug. 10 placed to our credit, \$2084.19.... Deposited, \$400.

31. Received via Penn. R. R. from Eugene Germain & Co., San Francisco, to be sold on their account and risk, 300 boxes Pears, 200 boxes Plums (Lot 14). Paid their sight draft accompanying Bill of Lading per check, \$500.... Bought of H. O. Armour & Co., per check, 300 brls. Pork, at \$11.70 (F. O. B.), and shipped via Providence Line to Young & Jenkins, Boston, to be sold on our account and risk. Paid freight per check, \$38.75; insurance in cash, \$6.75.... Paid Wm. Golden's bill for drayage for the month in cash, \$22.75.... Bank reports collection of draft on Hentz & Co., 27th inst.

INVENTORIES.—Merchandise—125 brls. Flour, at \$4.10; 180 boxes Cheese, 2540 lbs., at 9½¢; 75 tubs Butter, 2515 lbs., at 16¢; Total, \$———. Rent—one month unexpired, \$135. Furniture—inventory value, less 2 per cent. Insurance—ten months' unexpired policy. Expense—salaries unpaid, 5 ds., \$33.33. Shipment to Baltimore—valued at cost, less \$1200 advance. Shipment to Boston valued at cost.

RESULTS.—Net gain, \$———.

* It is the custom among bankers and merchants to relieve the Bills Receivable account of all protested paper by charging the entire amount, including the expense of protest, to the maker or endorser. A dishonored note thus becomes simply a collateral and is held in possession as an evidence of the debt. Though the non-payment of a note at maturity does not *legally* destroy its negotiability, yet it does so practically, and is treated accordingly.

BUSINESS SERIES, SET X.

ACCOUNT SALES OF 150 BRLS. FLOUR FOR JOINT ACCOUNT AND RISK OF F. S. SHEPHERD AND OURSELVES, EACH ONE-HALF.

18— June	8	Note 10 ds.,	20 brls. Flour @ \$5.	100			
	9	Cash,	10 " " " 5.	50			
	11	On account,	25 " " " 5.	125			
	11	Cash,	50 " " " 4.95	247	50		
	13	Cash,	30 " " " 4.95	148	50		
	15	On account,	15 " " " 5.	75		746	
		Charges					
June	8	Freight		137	50		
	15	Storage		4	50		
		Insurance		1	25		
		Commission, 2½% on sales		18	65		
		Our ½ net gain		29	55	191	45
		Net proceeds				554	55
		E. & O. E.	WM. L. STRONG.				
			Per.....				
		New York, June 15, 18—					

FORM OF EXPRESS MONEY ORDER.

AMERICAN EXPRESS COMPANY.

MONEY ORDER.

When countersigned by an authorized Agent, this Company will transmit and pay as per conditions hereon.

To the order of *C. T. Demarest*.....\$100⁰⁰/100

The sum of *One Hundred*.....DOLLARS.

Issued to *Wm. L. Strong & Co.* CHAS. G. CLARK, Treasurer.

Date, *July 2, 18*.....

Countersigned *A. Lawrence*, Agent at *New York, N. Y.*

FORM OF CERTIFICATE OF DEPOSIT.

THE CHEMICAL NATIONAL BANK.

No. *19265.*

New York, June 26, 18.....

Henry L. Burnett.....has deposited in this Bank

Fifteen Hundred.....DOLLARS.

Payable to the order of *himself*.....

on return of this Certificate properly endorsed.

\$1500.

William J. Quinlan, Jr.,
Cashier.

BUSINESS SERIES, SET XL

Set XL.—COLUMNAR JOURNAL.

Characteristics.—The chief distinction of this set is the use of the Columnar Journal, which is a device for economy and convenience; and which can be carried to any extent, desirable. The purpose of this form of entry is to avoid unnecessary posting—the monthly footings of the special columns appearing in single amounts in the Ledger, instead of the separate items which they cover. Such items as are not thus classified appear in the General column, and are separately posted. The utility of this arrangement can be seen at a glance.

Ledger Accounts.—Give each account one-fourth page.

New York, September 1, 18—. S. S. Packard and W. A. Miller enter into copartnership under the firm name of S. S. Packard & Co., for the purpose of carrying on the publication of *The New Era in Education*, a monthly magazine hitherto published by S. S. Packard. Mr. Packard transfers to the new firm the resources and liabilities of his former business, and is to have entire charge of the editorial work, receiving therefor a yearly salary of \$2400. Mr. Miller is to assume the financial management, receiving a yearly salary of \$1800. The losses and gains are to be apportioned in the ratio of their average investments.

S. S. Packard invests: Cash, \$4200; Furniture and Fixtures, valued at \$800; Back numbers of Magazine, estimated value, \$450; do., in bound volumes, \$300; Electrotypes plates, valued at \$300; Paper, \$600. Personal accounts: National News Co., \$500; Western News Co., \$800; A. C. Lobeck & Co., \$250. The firm assumes for him unexpired subscriptions, estimated at \$3200*. W. A. Miller invests cash, \$3000.

2. Paid cash for rent of building for September, \$500.... Received cash for 30 yearly subscriptions, per Subscription Register, at the regular rate of \$2.50.... Cash sales of magazine this day, per Petty Cash Book, \$14.50.

3. Received cash for rent of upper floors for September, \$350.... Paid cash for contributions to October number as follows: E. C. Stedman, \$100; Seth Low, \$50.... Paid cash for advertising in daily papers, \$40.... Received cash for 52 subscriptions, per Subscription Register, at \$2.50.... Cash sales, \$11.

4. Sold A. C. Lobeck & Co., on account, 120 copies September, at 15¢.... Paid cash for contributions to October number: Edwin A. Abbey, \$75; Helene Wende (translation), \$20.... Received cash for advertisements to be inserted in October issue, \$65.... Cash sales, \$8.60.

5. Credit Homer Lee Bank Note Co., for engravings furnished October number, \$34.50.... Bought of Henry Lindenmeyr & Sons, 10 days, 200 reams Book Paper, 26 x 40—50, at \$5; 50 reams Buff Cover Paper, 21 x 26—50, at \$6.88.... Paid cash for circulars, \$10; postage stamps, \$9.

6. Sold Western News Co., Chicago, on account, 50 copies July, 80 do. August, 170 do. September, at 15¢.... Received cash for 140 subscriptions, per Subscription Register, at \$2.50.... Cash sales, per Petty Cash Book, \$15.50.

8. Received cash for advertisements, to be inserted in October number, \$150.... Paid salaries in cash, \$75; † also petty expenses, per Expense Book, \$34.85.

9. Received cash from National News Co., in full of account.... Received cash for 80 subscriptions, per Subscription Register.... Cash sales, \$25.

10. Sold American News Co., Boston, on account, 40 copies January, 60 do. February, 40 do. March, 60 do. April, 110 do. July, at 15¢; also 10 bound volumes, half morocco, at \$3.

11. Received from Western News Co., 200 copies March, not disposed of, for which we credit them at 15¢ per copy.... Received cash for 172 subscriptions.

* This amount represents the estimated cost of supplying the magazine to subscribers for the time paid for, but not yet elapsed, and inasmuch as the new firm is expected to complete the engagements entered into by the former proprietor, this item constitutes a liability.

† Debit Salaries.

BUSINESS SERIES, SET XI.

12. Cash sales, \$20....Paid cash for copyright, October number, \$1*....W. A. Miller adds to his investment. \$2500 in cash....Drew at sight on A. C. Lobeck & Co. for amount due us, and remitted the draft to Henry Lindenmeyr & Sons on account.

13. Bought per check, 1 Herring-Hall-Marvin safe, \$450....Received cash for 40 subscriptions....Remitted Henry Lindenmeyr & Sons check in full of account.

15. Paid salaries in cash, \$80; also petty expenses, per Expense Book, \$15.75....Received from our printers, J. J. Little & Co., October edition, 18000 copies. Their bill for composition, electrotyping, presswork, and binding, amounting to \$1523.86, placed to their credit.†

16. Shipped Western News Co., on account, 2000 copies October, at 15¢....Sold American News Co., on account, 200 copies October, at 15¢....Received cash for advertisements, per Advertising Register, \$275....Cash sales, \$62.50.

17. S. S. Packard withdrew \$1500 in cash....Cash sales, \$72.80.

18. Sent to General Post Office, for regular subscribers, 9250 copies October issue. Paid postage on same in cash, 5700 lbs., at 1¢; also drayage to Post Office, \$4.50....Sold American News Co., on account, 320 copies October, at 15¢.

19. Paid Hamilton W. Mabie for contribution to November number per check, \$50....Received cash for 44 subscriptions....Cash sales, \$34.50....Sold A. C. Lobeck & Co., on account, 1500 copies October, at 15¢.

20. Delivered to National News Co., on account, 600 copies October, at 15¢....Cash sales, \$63.75....Drew on American News Co., at 10 days, our favor, for full amount due us and remitted the draft for acceptance.

21. Shipped Dominion News Co., Montreal, on account, 600 copies October, at 15¢....Paid salaries in cash, \$80; also petty expenses, per Expense Book, \$9....Sold Tyson & Co. on their acceptance at 30 days, 35 copies July, 40 do. August, 75 do. September, 3500 do. October, at 15¢.

23. Paid J. J. Little & Co., cash in full of account....Received cash for 20 subscriptions....Paid cash for contributions: Charles Dudley Warner, \$75; Mary E. Wilkins, \$50; John Burroughs, \$25.

24. Received from J. J. Little & Co., supplementary edition of October issue, 2000 copies, for which we credit them, per bill, \$50.20....American News Co. return our draft bearing acceptance dated September 22.

26. Paid cash for advertising in monthly magazines, \$125....Sent to Post Office, for subscribers, 675 copies October issue. Paid cash for postage, 344 lbs., at 1¢.

28. Remitted Homer Lee Bank Note Co., check in full of account....Cash sales, \$64.50....Received A. C. Lobeck & Co.'s note at 30 days, in full of account.

30. Received New York draft on account of Western News Co., \$770....Credit partners for salaries one month....Paid salaries due employees to date, in cash, \$84....Paid cash for rent of telephone, \$12.50; gas bill, \$7.90....Cash collections for advertisements as per Advertising Register, \$590.84.

INVENTORIES.—Resources—Back numbers of Magazine and bound volumes, valued at \$287.75; Paper, 180 reams, at \$5, and 50 do., at \$7; Electrotpe plates, valued at \$330; Furniture and Fixtures, \$1200. **Liabilities—**Unfilled subscriptions, estimated at \$3400.

Subscription, Printing and Manufacturing, Paper, Contribution, Postage, and Advertising Returns can be closed into the Magazine account, which will then show, approximately, the actual gain on the publication.

NET GAIN, \$———‡

* Debit Expense. † Debit Printing and Manufacturing account.

‡ An explanation of the process of apportioning gains according to average investment is given in *The New Packard Commercial Arithmetic*, page 294.

BUSINESS SERIES, SET XI.

COLUMNAR JOURNAL—ELEVENTH SET.
New York, September 1, 18—.

Expense	Cash	General	L. F.		L. F.	General	Cash	Magazine	
				S. S. Packard and W. A. Miller enter into copartnership under the firm name of S. S. Packard & Co., for the purpose of carrying on the publication of <i>The New Era in Education</i> , a monthly magazine hitherto published by S. S. Packard. Mr. Packard transfers to the new firm the resources and liabilities of his former business, and is to have entire charge of the editorial work, receiving therefor a yearly salary of \$2400. Mr. Miller is to assume the financial management, receiving a yearly salary of \$1800. The losses and gains are to be apportioned in the ratio of their average investments.					
	4200			CASH					
		800		FURNITURE AND FIXTURES		5000			
		750		MAGAZINE		3200			
		300		PRINTING AND MANUFACTURING					
		600		PAPER					
		500		NATIONAL NEWS Co.					
		800		WESTERN NEWS Co.					
		250		A. C. LOBECK & Co.					
				S. S. Packard's investment, per inventory.					
	3000			CASH	1		3000		
				W. A. Miller's net investment.					
				RENT	2				
		500		Paid rent for September.			500		
	75			CASH					
				30 yearly subscriptions, at \$2.50, per Subscription Register.		75			
	14 50			CASH					
				Sales per Petty Cash Book.				14 50	

BUSINESS SERIES, SET XII.

Set XII.—CASH JOURNAL.

Characteristics.—Buying and selling stocks and bonds on speculation and on account of other parties. Lending money on collateral security, discounting notes, etc. Dispensing with the Journal and enlarging the sphere of the Cash Book by including a record of transactions which do not contain cash.

The Method.—The original record for all transactions is made directly in the Cash Book. This absolute jurisdiction of the Cash Book is accomplished by applying the principle of cancellation. The accounts to be debited are entered on the right, and those to be credited, on the left. If the debits and credits are unequal, the difference between the two sides will show the amount of cash paid or received. If no cash is involved in the transaction, the sides will be increased equally, thus preserving the balance of cash. The Bill Book will be used in the usual manner.

STOCK AND BOND INVESTMENTS.

Stocks being the proprietary shares of corporate enterprises representing the invested capital, the returns from capital so invested accrue in the form of net earnings from which dividends are declared. Bonds being obligations issued to guarantee the payment of money borrowed, the returns from this source of investment are in the form of interest.

Various methods of treating these transactions are employed by brokers. Some brokers use a single Securities account to show the gain or loss resulting from these dealings; others make use of a few general heads, such as, United States Bonds, Municipal Bonds, Railroad Securities, etc.; while others use separate accounts, under distinctive titles, for the several securities.

A favorite method when first-class securities are dealt in, is to employ a Premium account which is debited, when securities are purchased, for the amount which they cost in excess of their par value, and credited for what they bring above their par value, when sold—the securities being counted as cash on hand for their par value.

The method proposed in this set is to keep a separate account with each security, but carrying all dividend and interest items to an Interest and Dividend account; thus limiting the gain or loss on each separate security to the difference between its net cost and net returns. Bonds will be debited for their quoted value when purchased, and the accrued interest charged to Interest and Dividend account.

Ledger Accounts.—Give Interest and Dividend three-fourths page; Loss and Gain one-half page; all other accounts one-fourth page.

New York, October 1, 18—. James G. Cannon, William Plimley and Thomas L. Ewing unite in copartnership under the title of Cannon, Plimley & Co. The partners are to invest equally, and losses and gains are to be apportioned as follows: James G. Cannon, 40 per cent.; William Plimley, 35 per cent.; Thomas L. Ewing, 25 per cent.

James G. Cannon invests cash, \$25000.... William Plimley invests: 10000 United States 4s, 1907, at 109½; cash, \$14025.... Thomas L. Ewing invests: 25 shares Gallatin National Bank Stock, at 310; 5000 United States 5s, 1904, coupon,* at 113¼; interest accrued on bonds since August 1, 61 days, \$41.78; cash, \$11533.22.

2. Bought for cash, 100 shares Great Northern R. R. Stock, preferred,† at 126.... Paid cash for one month's office rent in advance, \$124.83.

* Coupon Bonds have small certificates attached representing the different instalments of interest due at the different periods specified, which are cut off and collected as the interest becomes due. The Stock Exchange quotations usually indicate the time at which these interest instalments are payable by the initial letters of the month: as *M & N* for May 1 and November 1; *Q F* for February 1, May 1, August 1, and November 1; *Q J* for Quarterly beginning with January 1, etc. Accrued interest on Government, State, and Municipal Bonds in this set, will be computed on a basis of 365 days to the year and the time found in exact days. This does not apply to railroad and miscellaneous bonds, the interest method for which will be hereafter indicated.

† Preferred stock is one taking preference of the common stock of a corporation in the payment of dividends. Thus the holders of this stock are entitled to a dividend of 5 per cent. out of the yearly earnings, before the common stock can receive any dividend.

BUSINESS SERIES, SET XII.

3. Bought of Vermilye & Co., on our acceptance at 5 days, with interest, 40 shares Adams Express Co's Stock, at 149.

4. Received from J. P. Morgan, cash on deposit as margin to cover purchase of stocks pursuant to his instructions, \$1000*....Bought for J. P. Morgan, for cash, 100 shares N. Y. Central R. R. Stock, at 102½. Commission, ½ per cent.†....Bought for cash, 70 shares Gallatin National Bank Stock, at 312.

5. Received of E. C. Bodman on deposit as margin, \$3000....Borrowed of Harvey Fisk & Sons, on our note at 4 days, with interest at 10 per cent., \$5000....Bought for E. C. Bodman, for cash, 300 shares Missouri Pacific R. R. Stock, at 37½. Commission, ½ per cent.

7. Sold for cash, J. P. Morgan's 100 shares N. Y. Central R. R. Stock, at 105. Commission, ½ per cent. Interest, on \$9262.50 for three days at 6 per cent. Remitted J. P. Morgan check for balance due him, \$1220.37.

8. Paid our acceptance and interest favor Vermilye & Co. per check....Received check for semi-annual dividend of 6 per cent. on 95 shares Gallatin National Bank Stock....Sold for cash, 5000 United States 4s, 1907, at 110½ and interest (on par value) from October 1.

9. Bought for cash, 5000 Tennessee New Settlement 3s,‡ 1913, at 87½ and interest from July 1....Received cash for quarterly dividend of 1½ per cent. on 100 shares Great Northern R. R. Stock....Paid our note and interest of the 5th instant.

11. Sold for cash, 50 shares Great Northern R. R. Stock, at 125½....Paid cash for advertising, \$125....Bought 50 shares Western Union Telegraph Stock, s. 30,§ at 92½....Loaned James W. Hatch, on his note at 30 days, with interest, \$6000.

14. Sold for cash, E. C. Bodman's 300 shares Missouri Pacific R. R. Stock, at 39½. Commission, ½ per cent. Interest on \$——, for — days. Balance to his credit....Sold for cash, 75 shares Gallatin National Bank Stock, at 306.

16. Bought for cash, 5000 Erie Railroad 7s, 1st consolidated, 1920, at 142 and interest¶ from September 1; 5000 General Electric 5s, convertible,¶ gold, 1922, at 92½ and interest (360 days) from June 1....Loaned B. F. Williams, on his note at 20 days, with interest at 8 per cent. added, \$5000, he having deposited with us, as collateral security, 5500 City of New York 3½s.

17. Received cash from E. A. MacDowell as margin, \$1400....Bought for E. A. MacDowell, for cash, 90 shares American Sugar Refining Co's Stock, at 107½. Commission, ½ per cent....Bought for cash, 4000 U. S. Leather Co's Debenture 6s,** sinking fund, gold, at 113 and interest (360) from May 1....Sold for cash, 50 shares Great Northern R. R. Stock, at 125½.

*Stock brokers require a deposit from the person for whom they buy and "carry" stock, to protect them against any loss which might result from a decline in the value of the stock thus held. This "margin" is usually from 5 to 20 per cent. of the par value of the stock to be purchased—the broker furnishing the necessary additional funds. At the time of settlement an Account Current is rendered by the broker in which interest is charged upon all debits and allowed upon all credits.

†Debit J. P. Morgan in separate items, for the cost of the stock and our commission. The commission is computed on the par value of the stock, and is entered on the debit side of the Cash Book.

‡Bonds are named from the rate of interest they bear or from the dates at which they are made payable, or from both; they are also known as First Mortgage, Second Mortgage, etc., Consols, Income, Sinking Fund, Extension, Redemption, Collateral Trust, or otherwise, according to their priority of lien, the class of property upon which they are secured, the purpose for which they are issued, or other characteristics.

¶This expression means that the seller can deliver the stock at any time within 30 days upon giving one day's notice of his intention to do so. The buyer pays the seller interest at the rate of 6 per cent. on the selling price of the stock. No entry is made in the Cash Book until the option is terminated.

¶The method of finding interest on railroad and miscellaneous bonds is not uniform among bankers and brokers. The time, however, is generally found in months and days and the interest computed upon a basis of 360 days to the year. That method will be followed in this set.

¶Bonds are frequently issued with a provision whereby they can be exchanged at any time for equivalent stock. Such securities are called "convertible," and the act of substitution is technically known as "conversion."

**Debentures are certificates of indebtedness signed by a public officer or corporation. They generally represent the obligations of corporations or large moneyed copartnerships issued for convenience as investments, in the form of bonds or certificates. Sometimes a specific fund or property is pledged by the debentures, in which case they are usually termed *mortgage debentures*.

BUSINESS SERIES, SET XII.

18. Paid E. C. Bodman's sight draft for balance of account....Discounted for A. H. Nichols, his note at 30 days, our favor, for \$500....Sold for cash, 3000 General Electric 5s, at 93½ and interest from June 1....Received from Ward Wheeler his bond and mortgage on Boulevard property as security for the loan of \$5000 two years at 5 per cent.*

19. Sold for cash, 2000 U. S. Leather 6s, at 114½ and interest from May 1....Procured for Horton & Co. the discounting of their note at 60 days for \$25000. Received brokerage at ¼ per cent. in cash.

21. Transferred by assignment our mortgage on Boulevard property to William Lloyd, receiving in payment therefor cash, \$5050 ...Received cash for quarterly dividend of 8 per cent. on E. A. MacDowell's 90 shares American Sugar Refining Co's Stock†....Paid cash for 50 shares Western Union Telegraph Stock and interest as per contract on the 11th instant....Bought of N. W. Harris & Co., on our note at 7 days, 75 shares Chicago Gas Co's Stock, at 68½; 3000 United States 4s, 1925, registered,‡ at 116 and interest from August 1.

23. Loaned George Milmine for one year at 6 per cent., \$4000, receiving as security his bond and mortgage on Peekskill property....Sold for M. A. Bennett, 100 shares Illinois Steel Co's Stock, at 89, and remitted him check less commission at ¼ per cent.

24. Sold for cash, E. A. MacDowell's 90 shares American Sugar Refining Co's Stock, at 102½. Commission, ¼ per cent. Interest computed upon both debits and credits. Cash balance remitted per check§....Discounted James W. Hatch's note of the 11th instant, at the Corn Exchange Bank. Rate of discount 5 per cent....Bought per check, 3500 City of Philadelphia 8½s, 1923, at 109.833 and interest (365) from July 1.

26. Bought of Henry Clews & Co., on our acceptance at 30 days, with interest, 50 shares Colorado Fuel & Iron Co's Stock, pfd., cumulative,¶ 8 per cent., at 91½....Sold W. F. Wakeman, 75 shares Chicago Gas, at 63½. Received cash, \$1500; his acceptance at 30 days, with interest, for the balance.

28. Discounted B. F. Williams's note of the 16th instant at the Seaboard National Bank....Sold for cash, 20 shares Adams Express, at 151½; 50 shares Colorado Fuel & Iron, at 94½....Sold 3500 City of Philadelphia 3½s, at 110½ and interest from July 1....Paid our note and interest favor N. W. Harris & Co. per check.

30. Sold 5000 Erie Railroad 7s, at 145½ and interest from September 1....Bought 50 shares Metropolitan Traction Co's Stock, at 98½....Bought of Brown Bros. & Co., 75 shares Chicago & Alton Stock, pfd., non-cum., ¶ 7 per cent., at 170; 50 shares Western Union Telegraph Stock, at 92½. Gave them our acceptance at 10 days, with interest, for \$6500, cash for balance....Paid lawyer's fees in cash, \$153.92.

November 1. Received cash for quarterly dividend of 1½ per cent. on 100 shares Western Union Telegraph Stock....Received cash for quarterly coupons of 5000 United States 5s....Sold 2500 Tennessee New Settlement 3s, at 88½ and interest (365) from July 1....Received cash for semi-annual

* Debit Mortgages Receivable account.

† Dividends which are declared during the time that stocks are being "carried," belong to the person for whom the stocks were purchased. When the price or quotation of a stock does not include, and the stock does not carry to the buyer, a recently declared dividend, it is said to be quoted or sold "ex-dividend."

‡ Registered Bonds are recorded on the transfer books of the corporation or authority issuing them, in this instance the U. S. Treasury, and can be negotiated only by indorsed assignment. The interest is paid by check made to the order of the registered owner. For convenience, at the New York Stock Exchange all securities are quoted "flat" that is to say, the quoted market price is for the bond as it stands at the time, including the accrued interest except that after the closing of the transfer books the registered bonds are quoted "ex-int," which means that the interest then coming due belongs to the person holding the bonds at the time the transfer books were closed, and not to any subsequent holder. The equivalent quotation for the above bonds on the Stock Exchange would be 116½. The transfer books of U. S. Registered Bonds are closed for the month preceding the day on which the interest is paid. Open a separate account with United States 4s, 1925.

¶ A statement is rendered by the broker, which shows the daily balances and the amounts of interest charged and allowed.

¶ Cumulative preferred stocks are guaranteed a certain annual dividend with the additional advantage over non-cumulative preferred stocks, that if the earnings are not sufficient to pay the dividend of any year, the stockholders' right to this stipulated dividend shall be carried over from year to year until it is earned and paid.

BUSINESS SERIES, SET XII.

Interest on 2000 U. S. Leather 6s... Received check for quarterly interest on 3000 United States 4s....
Bought of Blair & Company, 7000 United States 4s, 1925, at 116½. Gave in payment W. F. Wakeman's
acceptance of the 26th instant, and interest on same to date; cash for balance.

INVENTORIES.—Stocks: 20 shares Gallatin National Bank, at 307; 20 shares Adams Express, at
151½; 100 shares Western Union Telegraph, at 91½; 50 shares Metropolitan Traction, at 98½; 75 shares
Chicago & Alton, at 170. Bonds: 5000 United States 4s, 1907, at 110; 5000 United States 5s, at 118;
10000 United States 4s, 1925, at 116½; 2000 General Electric, at 91½; 2000 U. S. Leather, at 114;
2500 Tennessee 3s, at 88½. Interest: Accrued on mortgage (9 ds., 360), \$——; Do. Nichols's note,
16 ds., \$——; Do. Acceptance favor Henry Clews, 6 ds., \$——; Do. Acceptance favor Brown Bros.
& Co., 2 ds., \$——; Do. United States 4s, 1907, from October 1, \$——; Do. General Electric,
from June 1, \$——; Do. Tennessee 3s, from July 1, \$——.

NET GAIN, \$——.

FORM OF UNITED STATES REGISTERED BOND.

FOUR PER CENTS OF 1895.

1895.

Act of January 14, 1875.

1925.

The United States of America

No. 1900.

No. 1900.

Are indebted to J. P. MORGAN & CO. or Assigns,
in the Sum of

ONE HUNDRED DOLLARS.

This bond is issued under authority of an Act of Congress entitled "An Act to provide
for the resumption of specie payments," approved January fourteenth, eighteen hundred and
seventy-five, being one of the descriptions of bonds described in the Act entitled "An Act to
authorize the refunding of the National Debt," approved July fourteenth, eighteen hundred and
seventy, as amended by the Act of January twentieth, eighteen hundred and seventy-one, and
is redeemable at the pleasure of the United States, after the first day of February, nineteen
hundred and twenty-five, in coin of the standard value of the United States on said July
fourteenth, eighteen hundred and seventy, with interest in such coin from the day of the
date hereof at the rate of four per centum per annum, payable quarterly on the first day of
February, May, August, and November in each year. The principal and interest are exempt
from the payment of all taxes or duties of the United States, as well as from taxation in any
form by or under state, municipal, or local authority.

J. F. TILLMAN,

Date of Issue, *March 18, 1896.*

Register of the Treasury.

Entered, *J. H.* Recorded, *M. R. R.*

TRANSFERABLE ON THE BOOKS OF THIS OFFICE.

WASHINGTON, D. C., February 1, 1895.

BUSINESS SERIES, SET XII.

FORM OF CERTIFICATE OF STOCK.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS

Peoria,
Peoria & Northern Railway Company,
CAPITAL STOCK \$1,000,000. SHARES \$100. EACH.

This Certifies that _____ Shares of the Capital Stock of the
Peoria, Lacon & Northern Railway Company,
fully paid and non-assessable, transferable only on the Books
of the Company in person or by Attorney upon the surrender
of this Certificate to the Secretary of the Company.
Witness the Seal of the Company and the Signatures
of the President and Secretary, this _____ day of
_____ A.D. 18 _____

Secretary

President

BUSINESS SERIES, SET XIII.

Set XIII.—WHOLESALE.

Characteristics.—Exhibiting the practical methods of recording transactions in the Wholesale Dry Goods business. Beginning with the books in their current condition and continuing the records in the form previously used. Arranging the transactions in classified form for convenience in recording, thus following the system and routine of an established business. Importing goods, paying duties thereon, and remitting bills of exchange in payment of the foreign invoices.

GENERAL REMARKS.

This set concludes the Business Series, and is submitted as an illustration of the operations of an extensive specialty. The transactions and forms are taken from the books of a leading New York house, and while the details are necessarily limited the general routine is preserved.

Most kinds of business are monotonous in detail, and on that account can be readily classified in books of original entry, permitting general periodical results, rather than the separate amounts of single transactions, to be posted to the Ledger, thus economizing space and simplifying the entry.

The forms shown here, while not aspiring to be the best, sufficiently indicate the advantage of special books. Particularly is this true of the Sales Book which contains all the sales in their order, and the Purchase Book which contains the purchases. This division permits a convenient division of clerical labor, and is even enhanced by subdividing the books, alphabetically, or geographically.

A merchant's books should present the facts of his business in the clearest and most accessible form. Among these facts the most important are (1) the ratio of the sales and of the purchases one year with another; (2) the expenses in different directions; (3) the relation of expenses to profits; (4) the comparative net profit of different departments, etc., etc.

Most houses pay strict attention to the terms of sale, so as to get all possible advantage of discounts in case of prompt payment. In fact, questions of interest are as vital in the management of mercantile affairs as in banks.

The books usually required in a wholesale or jobbing business are: The Purchase Journal; Purchase Register; Sales Book; Purchase, Sales, Foreign, Private, and General Ledgers; Cash Book; Petty Cash Book; Check Book, or Check Register; Returned Goods Journals; Bill Book; Stock Book; Shipping and Express Books; Index Book.

Combinations or modifications of these are frequently made, and others added as circumstances may demand.

In this set the Foreign and Purchase Ledgers may be combined, and the following books omitted: Petty Cash Book; Stock Book; Shipping and Express Books.

THE SALES BOOK.

When the articles specified in the salesman's order blank have been selected from the different departments by the order clerk they are collected and sent to the shipping room and arranged upon a counter. Here the clerks work in "teams" consisting of a *caller*, *entry clerk*, and *bill clerk*. The caller calls off the name and address of the purchaser, then the stock number, quantity, name, and price of each article contained in the order. The entry clerk writes the record in the Sales Book as the items are called off, and the bill clerk writes the bill which, of course, must correspond with the entry in the Sales Book. The items are then called back from the bill by the bill clerk, and the entry clerk watches for errors in his record while the caller places the articles back in their original order.

The bill is next referred to the financial manager for approval, after which the shipping clerk packs the goods, enters the case numbers and shipping marks upon the shipping receipt, and ships according to instructions. Two or more sets of Sales Books are required, the book-keeper posting from each set on alternate days.

BUSINESS SERIES, SET XIII.

Some houses dispense with the services of an entry clerk by writing the bills in copying ink and taking an impression of them in the Sales Book. When this method is followed the amounts are frequently journalized instead of being posted to the Ledger direct from the Sales Book. Still another method, in some lines of business, is that of binding the order blanks, thus preserving them as the original Sales Book.

THE PURCHASE JOURNAL.

An entry is made in the Purchase Journal for each time invoice immediately upon its receipt, or as soon as the quantities and prices have been examined by the department buyer, and the computations verified. The date of the invoice is entered instead of the current date, for the reason that the term of credit is computed from the date upon which the goods were shipped. The personal accounts are posted from this book daily, but Merchandise account is debited for the total at the end of the month only. Each invoice is consecutively numbered as received, and this number is frequently entered instead of the Journal page when posting to the Ledger.

The receiving clerk retains the invoice until the goods arrive and then checks off the items as the goods are unpacked, after which the invoices are filed away in alphabetically arranged cases in a manner convenient for ready reference. In the wholesale business where a large number of invoices are received daily, the pasting of them into an Invoice Book is not practicable.

THE PURCHASE REGISTER.

This book contains the record of invoices as they are received, the name and address of creditor, with the due dates extended in columns for convenience in knowing the time of payment. To ensure the payment of invoices within the specified term of discount, a perfect record of the dates of maturity is required. Its form may be varied to suit convenience, but the essentials should be shown at a glance. The form presented in this set will be of suggestive value to the student. In some lines of business this book is used as a principal book.

THE CASH BOOK.

This book differs from the forms with which the student is familiar in having a special column on either side for discounts allowed on personal accounts. The debit side contains General, Discount, and Merchandise columns.

When a payment is received on account the net amount of the remittance is entered in the General column, and the amount deducted for prepayment in the Discount column; both columns being upon the debit side of the Cash Book. This necessitates the posting of both amounts separately to the customer's account in the Sales Ledger. The separate posting of these amounts is convenient, as the regular statements to the customer can thus be taken directly from the Ledger.

The footing of the Discount column is not entered in the General column when the Cash Book is closed, but is posted direct to the debit side of the Discount account in the General Ledger. If preferred, the footing may be entered in the General column, checked and then transferred to the opposite side and posted in the usual manner.

The credit side contains General, Discount, and Expense columns, the discount process being the same as that employed on the debit side. The items on the credit side are entered from the stub of the Check Book, excepting the footings of the Petty Cash Book which may be transferred daily, weekly, or monthly, as preferred.

The balance is determined and proved daily, but is usually not entered in ink until the end of the month. The items in the General and Discount columns are posted daily.

Some firms deposit the entire amount of cash received daily, in order that the footings of the Cash Book, Check Book, and Pass Book may agree. When this plan is pursued, a check is drawn for the general expenses, which amount is kept in a separate cash drawer until expended.

BUSINESS SERIES, SET XIII.

REMITTANCES.

To facilitate the crediting of a large number of purchasers for payments made upon account, the following plan will prove efficient: Nearly all receipts upon account consist of checks or drafts which are accompanied by a statement, letter, or the original bill, which indicates the items that the payment is intended to cover. In the latter case the bill would be receipted and returned, and a ticket bearing the name, amount, and deduction would be substituted for it. These statements or tickets should first be arranged in alphabetical order, then turning to the Index, find the number of the Ledger page of each account and write it across the upper end of the statement or ticket.

The statements and tickets may now be rearranged in the numerical order of the Ledger pages and the accounts consulted to verify the discounts, and to check off, by small pencil figures or letters placed just above and to the right of the amounts, the separate items which the payment cancels. This process is necessary to show what payments have been made in case the account is again consulted before these items have been posted from the Cash Book. The unmarked items will then indicate the balance of the account. The entries may then be made in the Cash Book, including the number of the Ledger page, which will enable the bookkeeper to turn at once to the account in the Ledger when posting from the Cash Book.

THE LEDGERS.

The Sales Ledger is usually ruled with a complete set of account columns on either side of the centre, little space being left for explanation—the date, Sales Book page, and amount being the only explanation that is ordinarily used on the debit side; and the date, Cash Book page, discount and net amounts, on the credit side. The amount of the discount is entered upon a separate line, that a complete statement may easily be copied direct from the account. The discount and net amounts are frequently entered in the explanation column and the total extended in the money column, or a special column for the discount may be employed. Statements are usually rendered to customers at the end of each month.

The Purchase Ledger may be ruled in the same manner as the Foreign Ledger. It receives all items affecting creditors, the amounts being checked off when payments are made, in the same manner as in the Sales Ledger when remittances are received.

The Foreign Ledger contains accounts with foreign agents or manufacturers. An extra money column is usually provided and the amounts are entered in the denominations of both countries. Full explanations are made in this Ledger.

The Private Ledger is employed when it is desired to withhold from the office clerks a knowledge of the partners' investments, the amount of the gains or losses, or any similar information. The entries in this Ledger are made by the partners themselves, or the confidential bookkeeper, the total footings only being furnished the head bookkeeper for the purpose of taking a Trial Balance.

The General Ledger contains all accounts not provided for in the Special Ledgers. Many firms combine the General and Private Ledgers in one book, thus concealing from the office clerks all information concerning the standing of the principal accounts. The placing of the money columns at the centre of the page is one of the modern innovations in the ruling of ledgers, the superior advantage of which has yet to be demonstrated.

RETURNED GOODS JOURNALS.

All claims for shortage, damages, overcharge, errors, goods returned, etc., are referred to the Claim Department, by whom the matter is investigated and adjusted. If the claim is allowed a Credit Memorandum is sent to the customer, stating that the amount has been placed to his credit. All items of this character are carried to a special Journal, from which the persons are credited daily and the total finally posted to Merchandise account. This latter practice, however, is not strictly accurate, as it destroys the ratio between the purchases and sales of merchandise. The better method is to post this amount monthly to a Returned Goods account and at the end of the year deduct it from the credit side of the Merchandise account.

BUSINESS SERIES, SET XIII.

The reverse of this process is necessarily true of items affecting creditors' accounts, for which a separate Journal is employed. All shortages, etc., in invoices received, are charged to the creditor as soon as discovered. If the claim should not be subsequently allowed a counter entry would be required.

IMPORTING.

Invoices from foreign countries are disposed of in the same way as domestic invoices, excepting that the amounts expressed in foreign denominations must be converted into United States currency. To facilitate this process a fictitious rate convenient for rapid computation is assumed, and when payment is made the difference between the amount actually paid for the foreign draft and the amount previously entered, is credited or charged (as the case may be) to Discount account. The discount is computed upon the amount expressed on the face of the invoice, not upon its *assumed* value.

When it is desired to pay a foreign invoice, an order or check is sent to a banker doing a foreign business, specifying, in the denominations of the foreign country, the amount of exchange desired and the name and address of the party to whom it is to be made payable. The amount paid to the banker at the current quotation, furnishes the net amount to be charged in account. Some firms, however, adjust this difference at the end of the year only, at which time Merchandise account is debited or credited as the case may be. In dealing with an agent the same plan is pursued, the amount of commission being usually treated as discount.

THE STOCK BOOK.

Each department keeps a record of the quantities of each article bought and sold, that the buyer may know the time at which to order new goods. A special "Stock" number is given to each item and a separate column given to this number in the Stock Book. When a purchase is made the quantity is added to the previous amount on hand, and as the sales are made, the quantity is diminished. Statistics for this and other purposes are gathered from the invoices and Sales Books as the purchases and sales are made.

SALESMEN.

Each salesman is credited for his services and charged for amounts supplied him. Amounts remitted him for travelling expenses are generally charged direct to Travelling Expenses account. Statements specifying the amounts so expended by him are rendered to the firm at regular intervals.

The orders sent in by him state the customer's name and address, the shipping directions, the quantity, name, and price of each article desired. The columns for extension and footing are left blank to be filled in by the bookkeeper in case the order-sheet is preserved as a page of the Sales Book. For each salesman there is usually a corresponding order clerk who fills the orders sent in by this particular salesman. He is familiar with the colors, qualities, etc., desired by the customers of a given locality, and selects from the departments accordingly.

THE INDEX BOOK.

This is an important auxiliary which contains the names and addresses of customers, and the Ledger page of each account. The general method of indexing consists of classifying the accounts by using the first two or three letters of a name. Thus, John Smith being under *Sm* or *Smi*; The H. B. Claflin Co., under *Cl* or *Cla*.

Where many Ledgers are required, the accounts are divided geographically or alphabetically, and a separate Index Book provided for each Ledger. When a geographical division is made the indexing is frequently done by towns and cities, a single Ledger containing the accounts of one or two States only.

In this set the student will prepare a single Index containing the names of all accounts used, entering after each name the initials of the Ledger in which the account is to be found. Experience is the best guide to the allotting of space to accounts in the different Ledgers, and in business is the one generally adopted. In the work which follows, the student may place four accounts on a page forwarding when necessary.

BUSINESS SERIES, SET XIII

MEMORANDUM FOR OPENING THE BOOKS.

That the student may approximate the practice of taking charge of the books of an established business in their current condition, the accounts for this set will be opened in the General Ledger direct from the following Trial Balance which exhibits the condition of the concern Saturday, November 1, 18—.

Each of the accounts will be opened and the amounts transferred therein, excepting Cash account and the Personal accounts representing the Sales and Purchase Ledgers, the items for which will be separately specified under their respective headings, and entered in the Sales and Purchase Ledgers only.

TRIAL BALANCE. NOVEMBER 1, 18—.

JOHN T. YOUNG, Investment account			56700
WAGER SWAYNE, Investment account			55500
JOHN T. YOUNG, Private account	2425		
WAGER SWAYNE, Private account	1233 34		
CASH, Standard National Bank, \$29880.60; Safe, \$50.70	29931 30		
MERCHANDISE, Last Inventory	72530		
Purchases on account	86425 53		
Purchases for cash	17045		
Sales on account		117474 99	
Sales for cash		31025 50	
Returned goods, shortage, etc.	3980 94	1252 08	
PERSONAL ACCOUNTS, per Sales Ledger (balances)	22890		
BILLS RECEIVABLE	11825 39		
REAL ESTATE	50000		
PERSONAL ACCOUNTS, per Purchase Ledger (balances)		33867 50	
BILLS PAYABLE		27500	
FIXTURES	2500		
EXPENSE	1611 20		
INTEREST	550	128 95	
OFFICE SALARIES	4900		
SALESMEN'S SALARIES	12000		
THEODORE BAKER (salesman)	1175	1500	
ADVERTISING	1930		
INSURANCE	1100		
FREIGHT AND DRAYAGE	2103 57		
DISCOUNT	936 50	2593 75	
LIGHT AND HEAT	450		
	327542 77	327542 77	

The Sales Ledger contains the following open accounts with dates and amounts: S. J. Schwartz & Co., New Orleans, Sept. 15, \$210.96.... Denver Dry Goods Co., Oct. 4, \$1950.80.... Fellman & Grumbach, Galveston, Oct. 6, \$295.14.... Gimbel Bros., Milwaukee, Oct. 8, \$567.85; Oct. 27, \$650. (On Oct. 8 they are credited with a claim for shortage, \$19.50).... Rice, Stix & Co., St. Louis, Oct. 12, \$1640.20.... D. McCarthy & Co., Syracuse, Oct. 13, \$125.60.... Mabley & Co., Detroit, Oct. 17, \$1260.25 (credited for overcharge, same date, \$12.96).... Shainwald Bros. Co., Boise, Oct. 20, \$715.79.... Lamson Bros., Toledo, Oct. 24, \$480.16.... Hugh Glenn & Co., Utica, Oct. 24, \$1298.75 (credited for returned goods, \$153.98).... Lord & Taylor, 901 Broadway, Oct. 24, \$50.43; Oct. 26, \$1858.16 (credited for shortage, \$10.65).... B. Altman & Co., 301 Sixth Ave., Oct. 25, \$2064.50.... Younker Bros., Des Moines, Oct. 26, \$982.04.... The J. V. Farwell Co., Chicago, Oct. 27, \$370.96; Nov. 1, \$1890.15.... M. E. Smith & Co.,

BUSINESS SERIES, SET XIII.

Omaha, Oct. 29, \$795.03....D. Loveman & Co., Nashville, Oct. 7, \$540.75....Arnold, Constable & Co., 883 Broadway, Oct. 29, \$3225.92 (credited for damaged goods, \$80.70)....Woodward & Lathrop, Washington, Oct. 29, \$470.26....Orr & Atkins, San Francisco, Oct. 30, \$1195.60 (credited for shortage, \$4.95)....Cash Henderson, Wichita, Oct. 31, \$218.75....Jas. McCreery & Co., 801 Broadway, Nov. 1, \$314.69.

The Bill Book records the following Bills Receivable: Marshall Field & Co's note, dated Aug. 8, at 90 days, for \$4860....Voigt, Herpolsheimer & Co's acceptance at 60 days, dated Sept. 20, for \$2375....Cash Henderson's acceptance at 30 days, dated Sept. 28, for \$950.84....Siegel, Cooper & Co's acceptance at 2 months, dated Sept. 14, for \$3639.55.

Bills Payable: Note favor Manhattan Real Estate Co., dated July 1, at 1 year with interest, for \$20000....Acceptance favor W. & J. Sloane, dated Sept. 16, at 60 days, for \$7500.

The Purchase Register indicates the following invoices received and unpaid: No. 425, Tefft, Weller & Co., 326 Broadway, dated Sept. 6, terms 30 days net, \$187.93....436, American Haircloth Co., Pawtucket, R. I., Sept. 9, net 60 days, \$1000....571, Nonotuck Silk Co., Chicago, Oct. 1, net 60 days, \$760.50....584, Esty Hosiery Co., Laconia, N. H., Oct. 5, net 30 days, \$350.14....591, Nazareth Mfg. Co., Nazareth, Pa., Oct. 8, net 30 days, \$865....598, Fairmount Woolen Mills, Cincinnati, O., 6/10, 5/30, n/60, Oct. 6, \$2050.75....624, Barlow & Jones, Birmingham, England, Oct. 13, net 30 days, for £873 6s. 4d., entered as \$4250....659, Trefousse & Co., Paris, France, Oct. 16, 5/30, n/90, 19200 francs, entered as \$3840....665, The H. B. Claffin Co., Oct. 24, 2/10, 1/30, n/60, \$581.03....673, Tefft, Weller & Co., Oct. 25, 4/10, 3/30, n/4 mos., \$2561.38....676, Butler Bros., 495 Broadway, Oct. 26, 6/10, 5/30, n/60, \$475.25....678, Botany Worsted Mills, Passaic, N. J., Oct. 26, 6/10, 5/30, \$3903.98 (debited for shortage, \$40.75)....695, Julius Kayser & Co., 68 Grand St., Oct. 28, 6/10, 5/30, \$1916.85....701, American Haircloth Co., Oct. 28, 3/10, n/60, \$165.01....702, American Fibre Chamois Co., 15 Vandewater St., Oct. 29, 6/10, 5/30, \$1175....703, Pioneer Silk Co., Paterson, N. J., Oct. 29, 1/10, n/30, \$571.50....704, Boston Dry Goods Co., Boston, Oct. 28, 6/10, 5/30, \$2096.18 (debited for goods returned, \$123.12)....706, Wayne Knitting Co., Ft. Wayne, Ind., Oct. 28, 3/10, n/60, \$180.65....707, Chadwick Plush Co., Holyoke, Mass., Oct. 30, 4/10, 3/30, n/4 mos., \$1835 (allowance for overcharge, \$29.10)....708, Wm. Iselin & Co., 1 Greene St., Oct. 31, 1/10, n/30, \$2025.60....709, Passavant & Co., 320 Church St., Nov. 1, 6/10, 5/30, \$269.37....710, Warren Featherbone Co., Three Oaks, Mich., Oct. 29, 2/10, n/60, \$680.75....711, Geo. Merritt & Co., Indianapolis, Ind., Oct. 30, 3/10, n/4 mos., \$1552.90....712, Michigan Corset Co., Jackson, Mich., Oct. 31, 5/10, n/60, \$765.70.

NOTE 1.—After entering these items in the Purchase Register, accounts should be opened in the Purchase Ledger with each of these persons, entering as explanation the date, number, and amount. An index should be also prepared as indicated under the remarks on indexing.

NARRATIVE OF TRANSACTIONS.

Monday, November 3, 18—.

Sold on account: Schlesinger & Mayer, Chicago, 1 pc. Atlantic Mills Sheeting, 54 yds., at 18¢, \$9.72; 4 pcs. Pearl River Denims, 45, 43¹, 47¹, 50, 188 yds., at 11¢, \$20.46; 50 pcs. Echo Lake Shirting, 2460 yds., at 5¹/₂¢, \$141.45. Total, \$171.63....N. B. Blackstone Co., Los Angeles, Cal., 10 pcs. Mayflower Cheese Cloth, 476 yds., at 3¹/₂¢, \$16.07; 40 pcs. Lonsdale Silesia, 1824 yds., at 10¹/₂¢, \$191.52; 36 pcs. Washington XXX Prints, 1798 yds., at 11¹/₂¢, \$209.02; 60 pcs. Cocheco Fancy Prints, 2407 yds., at 5¹/₂¢, \$126.37. Total, \$542.98....Arnold, Constable & Co., 883 Broadway, 100 pcs. Gros Grain Ribbon, at \$2.85, \$285; 150 gro. Perle Buttons, at \$2.25, \$337.50; 60 doz. Gem Dress Shields, at \$1.25, \$75; 500 doz. Ladies' Handkerchiefs, at \$2.90, \$1450. Total, \$2147.50.

NOTE 1.—The "stock" number of each item is usually entered in the invoice immediately preceding the quantity. As these numbers refer to the identity of the goods, being entered in the Stock Book only, they have been omitted from the memorandum of this set.

NOTE 2.—The regular terms for sales in this set, unless otherwise stated, are 2/10, n/30.

Invoices received: 713, Calhoun, Robbins & Co., dated Nov. 1, 6/10, 5/30, \$210.63....714, Wright Mfg. Co., Lawrence, Mass., dated Oct. 31, 3/10, n/30, \$498.16....715, Esty Hosiery Co., Nov. 1, 1/10, n/30, \$346.23....716, American Fibre Chamois Co., Nov. 3, 1/10, n/30, \$1552.90.

BUSINESS SERIES, SET XIII.

Remittances received on account: New York draft from Denver Dry Goods Co. for \$1950.80....Chicago draft from Lamson Bros. covering invoice of Oct. 24, less discount....Check from Hugh Glenn & Co. for net balance less discount....Check from Lord & Taylor covering invoice of Oct. 24, less discount.

Payments on account per check: Esty Hosiery Co. for invoice No. 584 in full....Fairmount Woolen Mills, invoice 598 less discount....The H. B. Claffin Co., invoice 665 less discount....Theodore Baker, salesman, \$125.

Cash sales for the day, \$160.92....Paid the following expenses in cash, as per Petty Cash Book: Telegrams, \$2.50; 300 2-cent postage stamps; writing fluid, \$1.20; marking brushes, 60¢; express charges, \$4.60; messengers, \$1.50; plumber's repairs, \$1.50....Deposited the checks and drafts received on account and \$175 in cash.

NOTE 3.—The student will post each day's transactions before beginning the memorandum for the succeeding day.

Tuesday, November 4, 18—.

Sold on account: Adam, Meldrum & Anderson Co., Buffalo, 75 doz. Ladies' Suede Gloves, at \$13.50, \$1012.50; 10 doz. Black Satine Skirts, at \$37.50, \$375. Total, \$1387.50....L. S. Ayres & Co., Indianapolis, Ind., 20 doz. Ladies' Worsted Hose, at \$8.50, \$170; 40 doz. Misses' Wool Hose, at \$5.90, \$236; 6 pcs. 6-4 Cashmere, 312½ yds., at 21¢, \$65.63. Total, \$471.63....Jas. McCreery & Co., 801 Broadway, 10 pcs. Chameleon Silk, 298½ yds., at 72½¢, \$216.23; 5 pcs. Colored Velvetina, 110 yds., at 85¢, \$93.50; 63 yds. Black Velour de Nord, at \$1.35, \$85.05; 24 pcs. Seal Plush, 120 yds., at \$4.75, \$570. Total, \$964.78....R. Walker & Sons, Toronto, Ont., 12 doz. Heavy Huck Towels, 22 x 40, at \$1.87½, \$22.50; 18 doz. Scotch Napkins, 21 x 21, at 92½¢, \$16.65; 48 Fringed Table Cloths, 59 x 85, at 95¢, \$45.60; 100 yds. Loom Damask, 54 in., at 21½¢, \$21.75. Total, \$106.50.

Invoices received: 717, Globe Yarn Mills, Fall River, Mass., Nov. 3, 7/10, 6/30, \$450....718, Gilbert Mfg. Co., 514 Broadway, Nov. 3, 2/10, n/30, \$1490.18....719, Nonotuck Silk Co., Nov. 1, 5/10, n/60, \$74.50....720, Sweetser, Pembroke & Co., Nov. 4, 6/10, 5/30, \$912.46.

Checks received on account: From B. Altman & Co., covering date of Oct. 25, less discount....Yunker Bros., date of Oct. 26, less discount.

Payments on account: Tefft, Weller & Co., for invoices 425 in full, and 673 less discount....Wayne Knitting Co., 706 less discount....Botany Worsted Mills, 678 less shortage and discount.

Expenses per Petty Cash Book, \$5.16....Cash sales, \$210.18....Arnold, Constable & Co. return goods from purchase of yesterday amounting to \$62.10....Returned to Calhoun, Robbins & Co., goods belonging to invoice 713 amounting to \$4.15....Paid Commercial Envelope Co. for bill of Reversible Sample Envelopes, 10 M, at \$4.80....Deposited total amount of cash and checks received during the day.

NOTE 1.—Unless stated as cash, all payments are understood to be by check upon the Standard National Bank.

Wednesday, November 5, 18—.

Sold on account: Cohn & Ber, New Orleans, La., 15 doz. India Silk Parasols, at \$11.87½, \$178.13; 4 doz. Brocaded Taffeta Waists, at \$21, \$84; 15 doz. Ladies' Eiderdown Wrappers, at \$8.75, \$131.25. Total, \$393.38....C. C. Shayne, 124 West 42d St., 50 Black Coney Capes, at \$4.50, \$225; 40 French Seal do., at \$16.50, \$660; 60 Astrachan do., at \$17, \$1020; 50 Ladies' Cloth Jackets, at \$9.35, \$467.50; 6 doz. Ostrich Collarettes, at \$13.62½, \$81.75; 12 doz. Assorted Coque Boas, at \$11.37½, \$136.50. Total, \$2590.75....Voigt, Herpolsheimer & Co., Grand Rapids, Mich., 10 prs. Nottingham Curtains, at \$3.87½, \$38.75; 5 prs. Brussels do., at \$9.50, \$47.50; 15 prs. Irish Point do., at \$12.75, \$191.25; 12 prs. Chenille Portieres, at \$2.62½, \$31.50. Total, \$309....Arnold, Constable & Co., 10 pcs. Dotted Swiss Muslin, 410½ yds., at 14½¢, \$59.56.

Invoices received: 721, B. Blumenthal & Co., 386 Broadway, Nov. 4, 6/10, 5/30, \$170.65....722, Imperial Publishing Co., Poughkeepsie, N. Y., Nov. 3, 4/5, 3/10, n/60, \$9.75....723, Nazareth Mfg. Co., Nov. 3, 2/10, 1/30, \$426.37....724, Mills & Gibb, 464 Broadway, Nov. 5, less 7 per cent. for spot cash, \$1847.63.

NOTE 1.—When purchases are made upon "spot cash" terms, the invoice may be entered in the Purchase Register as usual, but Merchandise account can be debited directly from the Cash Book for the net amount, thus avoiding the necessity of debiting Mills & Gibb in the Purchase Journal. All cash purchases of merchandise can be disposed of in this manner.

BUSINESS SERIES, SET XIII.

Remittances received on account: New York draft from Fellman & Grumbach, for date of Oct. 6, in full....Check from Lord & Taylor, for Oct. 26, less shortage and discount....New York draft from S. J. Schwartz & Co., full amount overdue and interest on same for 20 days.

Payments on account: Butler Bros., invoice 676 less discount....Warren Featherbone Co., 710 less discount....Mills & Gibb, 724 less discount (to-day's purchase)....Barlow & Jones, 624 in full. Cost of exchange on London for same, \$4266.88, bought of Lazard Freres.

NOTE 1.—Barlow & Jones should be debited for the net amount, \$4250, and the amount paid for premium, \$16.88, debited to Merchandise account, as this invoice was entered when received at a rate lower than the current commercial rate of exchange.

Expenses per Petty Cash Book, \$12.92....Cash sales, \$250.84....Notified Esty Hosiery Co. per letter of a shortage in invoice 715 of \$35.12....Remitted Globe Yarn Mills credit memorandum for \$10 to cover error in computation, their favor, invoice 717....Paid W. H. Maxwell's bill for drayage, \$75.25....Paid Theo. F. Tone's bill for coal, 25 tons, at \$4.37½....Remitted H. G. Tucker, salesman, \$150 for travelling expenses....Deposited remittances received on account and \$240 in cash.

NOTE 2.—The above payments should be charged respectively to Freight and Drayage, Light and Heat, and Travelling Expenses.

Thursday, November 6, 18—.

Sold on account: Kuhn & Newman, Spokane, Wash., 4 cases Men's Fleece-lined Shirts, 32 doz., at \$4.50, \$144; 4 cases do. Drawers, 20 doz., at \$4.50, \$90; 10 doz. Misses' Reefer Jackets, at \$47.50, \$475. Total, \$709....Swift & Harris, Atlanta, Ga., 1 case (300) Fancy Palm Fans, \$3.50; 1 case (500) Common Palm do., \$4; 500 Japanese Folding do., \$3.75 (per 100), \$18.75....60 do. Vellum, at 40¢, \$24; 1 gro. Ladies' Hose Supporters, \$17.25; 2 gro. Misses do., at \$13.50, \$27; 15 gro. Redfern Dress Stays, at \$2.25, \$33.75; 1 gro. Shell Hairpins, \$3.80; 12 doz. Spanish Combs, at \$5.62½, \$67.50; 2½ doz. Cold Wave Corsets, at \$9, \$22.50; 5 doz. Favorite do., 18/30, asstd., at \$8.50, \$42.50. Total, \$264.55....Denver Dry Goods Co., Denver, Col., 10 pcs. Black Lyons Velvet, 95 yds., at \$6.50, \$617.50; 30 pcs. Colored Bengaline Silk, 850 yds., at \$1.25, \$1062.50; 12 pcs. Brown Cravenette, 298½ yds., at \$1.13, \$337.02; 50 pcs. Haircloth, 1850 yds., at 42½¢, \$786.25. Total, \$2803.27.

Invoices received: 725, Strawbridge & Clothier, Phila., Nov. 4, net 30 days, \$750....726, I. B. Kleinert Rubber Co., 30 E. Houston St., Nov. 5, 6/30, 5/60, \$547.60....727, W. & J. Sloane, 884 Broadway, Nov. 5, 4/10, 3/30, n/90, \$2076.25.

Checks received on account: Gimbel Bros., Oct. 8 less shortage, and Oct. 27 less discount....The J. V. Farwell Co., Oct 27 less discount.

Payments on account: Nazareth Mfg. Co., 591 in full....American Haircloth Co., 436 in full and 701 less discount....Boston Dry Goods Co., 704 less deduction and discount....Pioneer Silk Co., 703 less discount.

Expenses per Petty Cash Book, \$7.69....Cash sales, \$465.81....Remitted Sweetser, Pambrook & Co., statement showing overcharge of \$5.72 in invoice 720.

Paid The Textile Publishing Co's bill for 2-page advertisement in *Dry Goods Economist*, \$240....Bank reports collection of Marshall Field & Co's note of Aug. 8, and credits us for the full amount....Deposited checks received on account and \$450 in cash....Paid Tuzo, Corbett & Co., for duties, custom-house charges, and commission on foreign invoices, \$1275.62.

NOTE 1.—Importers generally employ a special broker to transact their business with the custom-house. Being familiar with the laws and regulations pertaining to customs, he is qualified to prepare the required documents, to secure the prompt action of the proper officials, and to guard against an erroneous classification of the goods by the appraisers. He pays the duty and all the incidental expenses, and charges a commission for his services. This amount being a part of the cost of merchandise, is charged to Merchandise account. Foreign invoices are made out in triplicate. One copy is filed by the United States Consul; the second forwarded to the custom-house at the port of entry; and the third sent to the purchaser by the shipper.

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Friday, November 7, 18—.

Sold on account: Lipman, Wolf & Co., Portland, Ore., 20 doz. Ladies' Balbriggan Vests, at \$4.50; 30 doz. do. Egyptian Lisle, at \$5.37; 10 doz. do. Union Suits, at \$9.75; 10 doz. Moreen Skirts, at \$24; 20 doz. Sateen do., at \$13.50.... Arnold, Constable & Co., 883 Broadway, 40 pcs. Moiré Taffeta, 36 in., 695 yds., at 19½¢; 20 pcs. English Batiste, 361½ yds., at 13½¢.... Joske Bros., San Antonio, Texas, 25 doz. Gloria Silk Umbrellas, at \$18.37½; 5 doz. White Crepe Parasols, at \$47; 4 doz. Carriage do., at \$19.62½; 10 doz. Ladies' Mousquetaire Gloves, at \$21.... Siegel, Cooper & Co., 296 Sixth Ave., 50 pcs. Rhadame, 1975½ yds., at 37½¢; 12 pcs. Damassé Silk, 460½ yds., at 65¢ (less 5 per cent. discount); 10 pcs. Black Faille do., 710½ yds., at 62½¢; 40 pcs. Jacquard Figured do., 2375½ yds., at 37½¢.... Rice, Stix & Co., St. Louis, 84 pcs. (36 yds. each) Skirt Binding, at \$6 per gross yds.

Invoices received: 728, The Stewart, Howe & May Co., 133 Spring St., Nov. 6, 5/10, 4/30, \$318.90.... 729, Pioneer Silk Co., Paterson, N. J., Nov. 5, 1/10, n/30, less freight, \$1195.65.... 730, Michigan Corset Co., Nov. 4, 5/10, n/60, \$237.50.... 731, Dunham, Buckley & Co., Nov. 6, net 60-day note, \$1962.38, which we make payable at Standard National Bank and return per letter.... Received check from M. E. Smith & Co., Oct. 29, less discount.... Drew at sight, our favor, on D. Loveman & Co., Nashville, for full amount due us.

Payments on account per check: Julius Kayser & Co., 695 less discount.... Geo. Merritt & Co., 711 less discount.... Chadwick Plush Co., 707 less deduction and discount.... Trefousse & Co., 659 less discount. Bought of Brown Bros. & Co., sight exchange on Paris for 18240 francs quoted at 5.15½ (number of francs equivalent to \$1).

NOTE 1.—In this instance, for convenience, the invoice was entered when received at an assumed rate of 24¢ per franc, a value greater than the quoted rate. The difference between the cost of the draft remitted to Trefousse & Co. and the amount previously credited to them may be entered in the discount column of the Cash Book. Trefousse & Co. will, of course, be debited for both amounts when the items are posted.

Cash sales, \$425.18.... Paid M. B. Thompson, agent Hudson Fire Lloyds, for annual premium on insurance policy, \$581.50.... Reported shortage in invoice 726 to I. B. Kleinert Rubber Co., \$15.90.... Returned to Gilbert Mfg. Co. goods belonging to invoice 718 amounting to \$137.50... Paid W. G. Cilley, agent American Line, for ocean freight, \$175.96.... Deposited draft on D. Loveman & Co. for collection, and total amount of checks and cash received during the day.

Saturday, November 8, 18—.

Sold on account: Field, Schlick & Co., St. Paul, Minn., 175 Assorted Japanese Rugs, at \$9.50; 200 White Fur do., at \$1.87½; 150 Moquette Mats, at 75¢; 300 Axminster do., at 50¢.... Schlesinger & Mayer, Chicago, 20 pcs. Black Satin Duchesse, 1160 yds., at 65¢; 35 pcs. Armure Regence, 1960 yds., at 67½¢; 20 pcs. Jacquard Etamine, 410 yds., at \$5.62½.... Gans & Klein, Helena, Montana, 5 boxes Crochet Silk, at \$2.40; 2 gro. Lacing Cord, at \$2.75; ½ doz. Knitting Pins, at \$1.50; 3½ lbs. Gilt Spangles, at \$1.50; 2 doz. Darning Silk, at 37½¢; 5 oz. Roman Floss, at 95¢; 12 boxes Clark's Crochet Cotton, at 40¢; 20 pkg. Common Pins, at 26¢; 10 gro. Safety do., at 24¢; 2 M Harper's Sewing Needles, at \$1.10; ½ M Singer Machine do., at \$7.50.

Invoices received: 732, Marlborough Mills, Phila., Nov. 6, 3 mos. net, \$650.... 733, The H. B. Clafin Co., Nov. 8, 2/10, n/60, \$3089.60.... 734, I. B. Kleinert Rubber Co., 30 E. Houston St., Nov. 7, 4/10, 3/30, n/60, \$110.03.... 735, Denny, Poor & Co., Nov. 8, 1/10, n/30, \$407.25.... 736, Bompiat, Brasseur & Pelletier, Lyons, France, Oct. 31, 6/15, 5/30, 26780 francs.

NOTE 1.—The first discount limit for the payment of a foreign invoice is generally understood as seven days from its receipt or by the next returning steamer. For convenience in reducing foreign denominations to United States money, the following assumed values may be used in this set: Franc, 20 cents; Mark, 25 cents; Florin, 40 cents; Yen, 100 cents.

Checks received on account: Arnold, Constable & Co., Oct. 29, less deduction and discount.... Woodward & Lathrop, Oct. 29, less discount.

Payments on account: American Fibre Chamois Co., 702 and 716 less discounts.... Michigan Corset Co., 712 less discount.... Esty Hosiery Co., 715 less shortage and discount.... Imperial Publishing Co., 722 less discount.

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Expenses per Petty Cash Book, \$35.60....Cash sales, \$216.54....Received check from Cash Henderson for his acceptance of Sept. 28, and interest from Oct. 28....Paid for subscription to Bradstreet's Mercantile Agency, \$100....Remitted Theodore Baker, salesman, \$250 on account of salary....Paid office salaries as follows: R. F. Timmer, \$60; Guy Perry, \$40; Viola Nichols, \$35....Credited Charles Mann, salesman, with one month's salary, \$150....Deposited checks received and \$190 in cash....Jas. McCreery & Co. report an error of \$3.67, their favor, date of Nov. 4.

NOTE 1.—No accounts are kept, ordinarily, with office clerks; the entire amount paid for their services is charged to Office Salaries account. The names are given here for the purpose of writing the checks.

The student will take a Trial Balance at this point, in precisely the same form as shown in the opening memorandum, the separate items being specified under Merchandise account. It is the practice, also, at the end of the month to rule, usually with a single line, such accounts in the Sales and Purchase Ledgers as are in balance. A separate list of the remaining accounts in these Ledgers should be made and the total entered in the Trial Balance. The balance of each account may then be entered, in pencil, in the explanation column of the Ledger for convenience in preparing statements or for future reference. Some accountants enter the footings of all personal accounts in red ink instead of pencil and omit the rulings entirely, entering the balance opposite the footings, as above indicated. The General Ledger will not be closed.

Monday, November 10, 18—.

Sold on account: Walker-Stetson-Sawyer Co., Boston, 50 doz. Flannelette Wrappers, at \$9.50; 25 Misses' Cheviot Capes, at \$5.50; 50 Wahnetah Silk Plush do., at \$9.62½....Timothy Dry Goods Co., Chattanooga, Tenn., 36 doz. Children's Short Dresses, at \$9.62½; 12 doz. Outing do., at \$18.50; 100 China Silk Waists, at \$2.25; 60 doz. Ladies' Cashmere Hose, at \$3.25....B. Altman & Co., 301 Sixth Ave., 20 pcs. Figured Moiré Silk, 975 yds., at \$2.62½; 200 pcs. Black Velvet Ribbon, at \$4.87½ (less 5 and 3 per cent. discount); 70 yds. Silk Vandyke Trimmings, at \$5.16½; 300 yds. Point Venise Lace, at \$1.87½....White & Davis, Pueblo, Col., 5 doz. Infants' Short Cloaks, at \$18; 4 doz. do. Long, at \$22; 2 doz. do. Silk, at \$35; 6 doz. do. Caps, at \$4.75.

Invoices received: 737, Cooper Mfg. Co., Bennington, Vt., Nov. 7, 4/10, n/60, \$89.60....738, Kurscheedt Mfg. Co., 360 West Broadway, Nov. 8, 4/10, 3/30, n/90, \$201.36....739, Tivoli Hosiery Mills, Cohoes, N. Y., Nov. 7, 60-day acceptance, \$570.85; accepted their draft for full amount and returned same....740, Minot, Hooper & Co., 53 Leonard St., Nov. 10, 6/10, 5/30, \$750.19....741, Wm. Schroeder & Co., Crefeld, Germany, Nov. 2, 2/15, n/60, 8750 marks.

Checks received on account: Cash Henderson, Oct. 31, less discount....The J. V. Farwell Co., Nov. 1, less discount.

Payments on account: Wm. Iselin & Co., 708 less discount....Wright Mfg. Co., 714 less discount....Nonotuck Silk Co., 719 less discount....Bompia, Brasseur & Pelletier, 736 less discount, per bills of exchange on Lyons for 25173.20 francs bought of Henry Clews & Co., at 5.15½.

Expenses per Petty Cash Book, \$14.90....Cash sales, \$483.12....Returned to W. & J. Sloane damaged goods belonging to invoice 727 amounting to \$150....Arnold, Constable & Co. inform us of an error in computation of \$1.35, our favor, date of Nov. 7....Paid private bill for John T. Young, in cash, \$34.75....Paid Consolidated Gas Co's bill for October, \$42.75....Paid freight bill N. Y., N. H. & H. R. R., E. W. English, agent, \$30.07....Paid annual taxes on real estate, David E. Austen, receiver, \$6.45....Deposited checks received and \$475 in cash.

Tuesday, November 11, 18—.

Sold on account: White & Davis, Pueblo, Col., 100 prs. Teheran Blankets, at \$4; 50 prs. Red Rose do., at \$2.75; 50 prs. XXX White do., at \$12....Gimbel Bros., Milwaukee, Wis., 100 pcs. AAA Sateens, 3960 yds., at 20¢; 40 pcs. Atlantic Cashmere, 1875½ yds., at 12½¢; 30 doz. Lawn Wrappers, at \$14.37½....M. J. Keller Co., Oakland, Cal., 1200 yds. Bleached Table Linen, at 32½¢; 150 doz. Embroidered Handkerchiefs, at \$2.25; 150 doz. Hemstitched do., at \$3.75....Stern Bros., 88 West 23d St., 500 pcs. Tinted Japanese Crepe, at \$4.50; 100 pcs. Crinoline, at \$1.37½.

BUSINESS SERIES, SET XIII.

Invoices received: 742, Barbour Bros. Co., Paterson, N. J., Nov. 10, 4/10, 3/30, \$450.... 743, Tefft, Weller & Co., Nov. 11, \$2781.16, less 8 per cent. spot cash.... 744, United Silk Mfg. Co., Hagerstown, Md., Nov. 8, 4/10, 3/30, n/90, \$1750.... 745, Z. Horikoshi, Yokohama, Japan, Oct. 28, 10, 30, 7/60, n/6 mos., 5000 yens.... 746, Geiser & Ruegger, Zofingen, Switzerland, Nov. 3, net 20 days, 11420 francs.

Checks received on account: Rice, Stix & Co., Oct. 12, in full, and Nov. 7, less discount.... Jas. McCreery & Co., 801 Broadway, Nov. 1, less discount.... N. B. Blackstone Co., Nov. 3, less discount.

Payments on account: Tefft, Weller & Co., 743 less discount (to-day's purchase).... Passavant & Co., 709 less discount.... Calhoun, Robbins & Co., 713 less deduction and discount.... Nazareth Mfg. Co., 723 less discount.... Wm. Schroeder & Co., 741 less discount, per sight draft on Deutsche Bank, Berlin, for 8575 marks, purchased of Lazard Freres, at 95 $\frac{1}{2}$ (quotation for 4 marks).

Cash sales, \$391.87.... Remitted Charles Mann \$100 for travelling expenses.... Paid Oelrichs & Co., agents North German Lloyd Steamship Co., for freight, \$31.99.... Paid D., L. & W. R. R. Co's bill for freight on invoice 729, \$16.80 (debit Pioneer Silk Co.).... Remitted The H. B. Claffin Co. memorandum showing an error, our favor, in invoice 733, amounting to \$3.20.... Denver Dry Goods Co. report shortage, \$56.18, date Nov. 6, for which we return credit memorandum.... Deposited total amount of checks and cash received.

Wednesday, November 12, 18—.

Sold on account: John Murphy & Co., Montreal, Canada, 400 doz. Linen Napkins, at \$2.12 $\frac{1}{2}$; 150 Table Cloths, at \$1.75.... Sanger Bros., Dallas, Texas, 20 pcs. AA1 Bleached Cotton Flannel, 986 $\frac{1}{2}$ yds., at 17 $\frac{1}{2}$ ¢; 30 pcs. 3-4 Brown Sheeting, 1190 $\frac{1}{2}$ yds., at 5 $\frac{1}{2}$ ¢; 10 gro. Perle Buttons, at \$2.25; 50 doz. Misses' Worsted Hose, at \$6.37 $\frac{1}{2}$ Strong, Lee & Co., Detroit, Mich., 100 pcs. Juniata Chevoit, 3785 $\frac{1}{2}$ yds., at 9 $\frac{1}{2}$ ¢; 150 pcs. 10-4 Aurora Brown Sheeting, 5960 yds., at 21¢; 90 pcs. 7-8 Fancy Blue Ticking, 3296 $\frac{1}{2}$ yds., at 12 $\frac{1}{2}$ ¢.... R. H. Macy & Co., 14th St. and Sixth Ave., 60 prs. Nottingham Curtains, at \$4.62 $\frac{1}{2}$; 250 doz. Ladies' Suede Gloves, at \$9.16 $\frac{1}{2}$; 5 bales Jute Rugs, 23600 sq. ft., at 7 $\frac{1}{2}$ ¢.

Invoices received: 747, Windsor Company, North Adams, Mass., Nov. 10, 1/10, n/30, \$278.45.... 748, Greef & Co., 26 Greene St., Nov. 12, 30-day acceptance net, \$2409.85.... 749, Dr. Jaeger's Sanitary Woolen System Co., 454 Broome St., Nov. 11, net 30 days, \$402.75.... 750, Tootal Broadhurst, Lee Co., Manchester, England, Nov. 5, 1/15, n/30, £350 16s. 5d. (£=\$4.90, s=25¢, d=2¢).

Checks received on account: D. McCarthy & Co., Oct. 13, in full.... Arnold, Constable & Co., Nov. 3, less deduction and discount.... L. S. Ayres & Co., Nov. 4, less discount.

Payments on account: Gilbert Mfg. Co., 718 less deduction and discount.... Globe Yarn Mills, 717 plus correction and less discount.... Michigan Corset Co., 730 less discount.... Z. Horikoshi, 745 less discount, per draft on Yokohama, bought of Baring, Magoun & Co., at 98 $\frac{1}{2}$ ¢ per yen.

Expenses per Petty Cash Book, \$13.07.... **Cash sales,** \$451.03.... **Paid freight bills** International Navigation Co., \$75.80.... **Paid bill for advertisement in the Dry Goods Chronicle,** \$85.... **Paid Edison Electric Co's bill for lighting,** \$12.90.... **Paid Tuzo, Corbett & Co's bill for customs charges, etc.,** \$61.25.... **Deposited checks received and** \$440 in cash.

Thursday, November 13, 18—.

Sold on account: Tootle, Wheeler & Motter, St. Joseph, Mo., 50 oz. B. & A. Roman Floss, at 95¢; 40 doz. Damask Tray Cloths, at \$1.25; 25 doz. Cotton Huck Towels, at 75¢; 60 doz. Turkish Tidy do., at 85¢; 40 11-4 Honeycomb Counterpanes, at 60¢; 30 Crochet Marseilles do., at 87 $\frac{1}{2}$ ¢; 20 12-4 Colored Jacquard do., at \$1.16 $\frac{1}{2}$; 60 doz. Lace Pillow Shams, at \$1.95; 50 doz. Dress Shields, at \$1.12 $\frac{1}{2}$ R. H. Macy & Co., 14th St. and Sixth Ave., 500 prs. Turkoman Portieres, at \$1.75; 300 doz. Featherbone Corsets, at \$8.55; 50 doz. Warner's Health do., at \$11.40.... Lamson Bros., Toledo, 5 doz. Spanish Lace Scarfs, at \$12.62 $\frac{1}{2}$; 20 doz. Hermsdorf Lisle Hose, at \$7.35; 50 doz. Oxford Mixed do., at 9
10z. Fancy Striped do., at \$2.25; 10 doz. Balbriggan do., at \$3.12 $\frac{1}{2}$; 25 doz. French
; 18 doz. Seamless do., at \$1.35.

BUSINESS SERIES, SET XIII.

Invoices received: 751, Temple Glove Mfg. Co., Jamaica Plains, Mass., Nov. 11, net 30 days, \$218.75
 752, Garner & Co., 10 Worth St., Nov. 12, 2/10, n/30, \$1653.37 753, I. B. Kleinert Rubber
 Co., Nov. 13, 6/10, 5/30, \$70.30 754, Perrin Freres & Cie., Grenoble, France, Nov. 4, 5/30,
 4/60, n/4 mos., 39475.81 francs.

Checks received on account: Schlesinger & Mayer, Nov. 3 and Nov. 8, less discount Adam, Meldrum
 & Anderson Co., Nov. 4, less discount Joske Bros., Nov. 7, less discount.

Payments on account: Sweetser, Pembroke & Co., 720 less deduction and discount Pioneer Silk
 Co., 729 less discount and freight (deduct discount from gross amount, and then subtract freight)
 Tootal Broadhurst, Lee Co., 750 less discount, per Sterling exchange purchased from Standard
 National Bank, at \$4.89½.

Expenses per Petty Cash Book, \$18.94 Cash sales, \$395.01 J. T. Young withdrew for private use,
 \$475 Paid freight bill Hamburg-American Line, \$20.67 Bank reports collection of draft on
 D. Loveman & Co., 7th instant, which is placed to our credit less charges, 25¢ Received check
 from Siegel, Cooper & Co. in payment of their acceptance dated Sept. 14 Deposited checks
 received and \$375 in cash.

NOTE 1.—Banks are generally governed in their practice of charging customers for collections by the average
 amount of daily deposits. If a deposit consists of \$7500 in checks, \$5000 of which is upon the city banks and
 payable through the Clearing House, it is evident that after deducting the country checks there remains \$2500
 net cash which the bank can use. Such depositors being desirable, no charge would be made for collecting the
 outstanding checks or drafts. Most firms charge the amount paid for collection to the purchaser of the goods
 and send him a statement showing the amount still due. In this instance, debit Expense.

Friday, November 14, 18—.

Sold on account: J. M. Robinson, Norton & Co., Louisville, Ky., 1000 yds. Tapestry Brussels Carpet,
 at 45¢; 800 yds. Wilton Velvet do., at 69¢; 1200 yds. Moquette do., at 73¢; 500 Smyrna Rugs,
 30 x 60, at \$2.25 The J. V. Farwell Co., 60 lbs. German Knitting Worsted, at 95¢; 50 lbs. Rain-
 bow Zephyr do., at \$1.85; 20 lbs. Chinchilla do., at \$1.70; 45 lbs. White Germantown Yarn, at 85¢;
 12 lbs. Assorted Colors do., at \$1.36; 20 lbs. Saxony do., at \$1.12½; 5 lbs. Shetland Floss, at 87½¢;
 10 lbs. Fairy do., at \$1.03½ Lord & Taylor, 901 Broadway, 20 doz. Art Satine Scarfs, at \$2.37;
 10 doz. Momie Linen Splashes, at \$3.75; 12 doz. Silkaline Tidies, at \$3.62; 50 doz. Sideboard
 Scarfs, at \$7.50; 40 doz. Linen Fringed do., at \$2.37½.

Invoices received: 756, B. Blumenthal & Co., Nov. 13, 6/10, 5/30, \$475 757, Calhoun, Robbins & Co.,
 Nov. 13, 2/10, n/30, \$1950.13 758, John Snitzler & Sohn, Amsterdam, Netherlands, Nov. 7, 2/15,
 n/60, 1980 florins 759, Louis Hirsch, Gera, Reuss, Germany, Nov. 6, 6/30, 5/60, 25609 marks.

Checks received on account: Jas. McCreery & Co., Nov. 4, less correction and discount R. Walker
 & Sons, Nov. 4, less discount Cohn & Ber, Nov. 5, less discount Field, Schlick & Co., Nov. 8,
 less discount.

Payments on account: W. & J. Sloane, 727 less deduction and discount B. Blumenthal & Co., 721
 less discount Geiser & Ruegger, 746 in full, per sight exchange on Zurich bought of Brown
 Bros. & Co., at 5.16½.

Cash sales, \$320.05 Remitted A. B. Anderson, salesman, for travelling expenses, \$150 Wager
 Swayne adds to his investment, \$1900 in cash Paid Horace Robinson for drayage, \$23.75 Paid
 Mercantile Electric Co's bill for rent of telephone, \$75 Deposited total amount of checks and
 cash received.

Saturday, November 15, 18—.

Sold on account: John Taylor, Kansas City, Mo., 100 doz. Finger-tipped Silk Gloves, at \$7.50; 200 doz.
 Chamois do., at \$7.12½; 20 Undressed Kid Suede do., at \$11.50; 40 doz. Silk Mitts, at \$6 Gross
 Bros., Tacoma, Wash., 1 pc. Lonsdale Silesia, 41½ yds., at 10½¢; 5 pcs. Coheco Prints, 251' yds.,
 at 5½¢; 2 pcs. Colored Velvetina, 20½ yds., at 87½¢; 1 pc. Seal Plush, 5 yds., at \$4.66½; 1 doz. Ladies'
 Wrappers, \$6.38; 8 prs. Brussels Curtains, at \$9.50; 3 doz. Children's Short Dresses, at \$9.62½;
 2½ doz. Infants' Cloaks, at \$5.38 Arnold, Constable & Co., 863 Broadway, 20 pcs. Black
 Lyons Velvet, 200 yds., at \$5.25; 10 pcs. Chameleon Silk, 590 yds., at 75¢; 20 pcs. Bengaline do.,
 810 yds., at \$1.12½; 15 pcs. Satin Duchesse do., 600 yds., at \$1.75.

BUSINESS SERIES, SET XIII.

Invoices received: 760, Botany Worsted Mills, Nov. 13, less 8 per cent. interest, or 90 days net, \$1250
761, Henry Matier & Co., Belfast, Ireland, Nov. 8, 4/30, 3/60, £716 10s. 4d. (at \$4.90—25¢—2¢)
762, Wex & Soehne, Chemnitz, Germany, Nov. 6, 1/20, n/45, 18607.25 marks....763, Denny,
 Poor & Co., Nov. 15, spot cash, \$30.45.

Checks received on account: Arnold, Constable & Co., Nov. 5, less discount, and Nov. 7, plus correction
 and less discount....C. C. Shayne, Nov. 5, less discount....Voigt, Herpolsheimer & Co., Nov. 5, less
 discount....Mabley & Co., Oct. 17, less deduction....Denver Dry Goods Co., Nov. 6, less shortage
 and discount.

Payments on account: The Stewart, Howe & May Co., 728 less discount....763, Denny, Poor & Co.
 (to-day's purchase)....I. B. Kleinert Rubber Co., 726 less shortage and discount, and 734 less
 discount....Wex & Soehne, 762 less discount, per sight exchange on Leipsic, at 95½, bought of
 Brown Bros. & Co....John Snitzler & Sohn, 758 less discount, per sight bills on Amsterdam, at
 40½, drawn by Baring, Magoun & Co.

**Expenses per Petty Cash Book, \$18.96....Cash sales, \$471.08....Paid our acceptance favor W. & J.
 Sloane due to-day....Paid E. M. Cummins for duties, customs charges, and commission, \$201.67....
 Credited salesmen for salaries: Theodore Baker, \$250; M. Greenberger, \$150; H. G. Tucker, \$125;
 Oscar A. De Long, \$75....Remitted M. Greenberger to apply on salary, \$75; for travelling
 expenses, \$60....Paid office salaries in cash: J. L. Irving, \$20; Franklin R. Ward, \$25; Bertha
 Crocker, \$17.50....Deposited checks received and \$390 in cash.**

The student will take Trial Balance as before indicated, and enter the balances in the Sales and Purchase
 Ledgers. The books will not be closed, but such statements prepared as the teacher may direct.

STATEMENT.					
New York Nov 1 1896					
Messrs Young & Sawyer					
1162 Broadway					
To Calkoun, Robbins & Co., Dr.					
410 & 412 BROADWAY					
Sept	2	To Merchandise	Goods	24	
	10	"	"	760	
	24	"	"	12209	
				90609	
Sept	10	By Trade note	41.25		
	24	Shortage	78	4203	86406
Oct	1	To Trade	Goods	7650	
	3	"	"	46195	53845
					140251

BUSINESS SERIES, SET XIII.

PURCHASE

No	Name and Address	Date		Amount		Terms
1	The H. B. Claflin Co., 224 Church St.	Jan.	2	7092	18	Net 30 days
2	Botany Worsted Mills, Passaic, N. J.	Dec.	30	845	75	5/30, 3/60, n/90
3	Calhoun, Robbins & Co., 410 Broadway	Jan.	3	4160		1/10, n/30
4	L. Permezel & Co., Lyons, France (31926 fr.)	Dec.	24	6395	20	4/30, 3/60, n/4 mos.

CASH

Date	Description	General		Discount		Mdse	
Nov. 3	Balance	29981	30				
	Denver Dry Goods Co.	1950	80				
	Lamson Bros.	470	56	9	60		
	Hugh Glenn & Co.	1121	87	22	90		
	Lord & Taylor	49	42	1	01		
	✓ Cash sales for the day					160	92
4	B. Altman & Co.	2023	21	41	29		
	Younker Bros.	962	40	19	64		
	✓ Cash sales for the day					210	18
5	Fellman & Grumbach	295	14				
	Lord & Taylor	1810	56	36	95		
	S. J. Schwartz	210	96				
	Interest, on above 20 ds.		70				

PURCHASE JOURNAL.

No.	Date	Description	No.	Date	Description	Amount
Nov. 3		Calhoun, Robbins & Co.	No. 713	Nov. 1		210 63
		Wright Mfg. Co.	714	Oct. 31		498 16
		Esty Hosiery Co.	715	Nov. 1		846 23
		American Fibre Chamois Co.	716	Nov. 3		72 90
4		Globe Yarn Mills	717	Nov. 3		450
		Gilbert Mfg. Co.	718	Nov. 3		1490 18
		Nonotuck Silk Co.	719	Nov. 1		74 50
		Sweetser, Pembroke & Co.	720	Nov. 4		912 46
5		B. Blumenthal & Co.	721	Nov. 4		170 95
		Imperial Publishing Co.	722	Nov. 3		9 75
		Nazareth Mfg. Co.	723	Nov. 3		426 37
6		Strawbridge & Clothier	725	Nov. 4		750
		I. B. Kleinert Rubber Co.	726	Nov. 5		547 60
		W. & J. Sloane	727	Nov. 5		2076 25
7		The Stewart, Howe & May Co.	728	Nov. 6		318 90
		Pioneer Silk Co.	729	Nov. 5		1195 65

REGISTER.

Discount and Due Dates												Returned Goods Etc.	Discount		Net Amount	When Paid	Remarks
J	F	M	A	M	J	J	A	S	O	N	D						
5/29	n/1 3/28	n/30												7092 18			
1/13	n/2											7 35	42 39	803 46	Jan. 28	Check No. 4	
4/23	3/25		n/24											36 42	3616 03		
													461 23	5933 97	Jan. 12	Sight Exch. for 30648.96 fr. at 5.16%	

BOOK.

			General	Discount	Expense
Nov.	3	Esty Hosiery Co.	350 14		
		Fairmount Woolen Mills	1948 21	102 54	
		The H. B. Claflin Co.	569 41	11 62	
		Theodore Baker, on account of salary	125		
	✓	Expense per Petty Cash Book			18 20
4		Tefft, Weller & Co.	2646 85	102 46	
		Wayne Knitting Co.	175 23	5 42	
		Botany Worsted Mills	3631 44	231 79	
	✓	Expense per Petty Cash Book			5 16
	✓	Expense, Com. Envelope Co's bill			48
5		Mdse.. Invoice 724, Mills & Gibb	1718 30		
		Butler Bros.	446 73	28 52	
		Warren Featherbone Co.	667 13	13 62	

FORM OF ORDER BLANK.

Date Sold	No.....	Salesman.....	Folio
Date Shipped	Sold to.....		Date Billed
Terms	Town and State.....		Ledger
	Ship by.....		

Shipper's Check	Quantity	Description	Price	Salesmen must not use these columns
		Amount Forward		

MISCELLANEOUS INFORMATION.

CORPORATIONS AND JOINT STOCK COMPANIES.

Aside from the opening and closing entries, the routine records upon the books of a corporation do not differ materially from those of an individual or partnership business. Special books, however, are necessary to facilitate the issue and transfer of stock.

The auxiliary books peculiar to a corporate or joint stock business are here explained:

The Subscription Book contains the names of the persons subscribing for the stock, and the number of shares desired. This book usually specifies the object of the company, the number of shares into which the capital stock is divided, the par value of the shares, and other particulars.

The Instalment Book contains a list of the subscribers and the amounts paid in by each subscriber. From this record the Capital Stock account is credited in the Cash Book. An account is also opened with the subscriber in the Stock Ledger, in which he is credited with the number of his shares.

The Minute Book is used for recording the proceedings of the directors, the meetings of the stockholders, and such miscellaneous matters as touch upon the management of the business.

The Instalment Scrip Book is a blank book of receipts which are filled out and signed by the secretary and treasurer as the instalments are paid. When all the instalments have been paid, the instalment scrip is exchanged for certificates of stock.

The Stock Certificate Book contains blanks which are filled and signed as above, certifying the number of shares to which the shareholder is entitled. Shareholders acknowledge the receipt of the certificate by signature on the stub.

The Transfer Book is used whenever a transfer of stock is made, the old certificate being canceled and a new one issued. From its stub the respective persons are debited and credited in the Stock Ledger.

The Dividend Book contains the names of the stockholders, the number of shares held by each, and the amount of dividend due. If the stockholder receives the dividend personally, he receipts therefor, by signature, in a column provided for the purpose. If checks for the amount are sent by mail, a receipt to be signed accompanies the check. In other instances, drafts are drawn on the company by the stockholder, notice of the amount having been previously sent by the company.

The Stock Ledger is representative of the Capital Stock account and contains an account with each stockholder, who is credited with the number of shares which he holds. The stockholder is debited when he sells his stock, and the purchaser credited.

THE OPENING ENTRIES.

The form of the opening entries in the principal books depends upon the manner in which the stock is issued.

Ordinarily, no entry is required until the shares are paid for and the certificates issued, at which time Cash is debited and Capital Stock credited. Thus, when all of the shares have been paid for and the certificates issued, the credit side of Capital Stock account will exhibit the authorized capital of the corporation.

If only a portion of the capital has been paid in and it is desired to show the full amount of the Capital Stock in the Ledger, the following accounts will be debited: *Cash*, for the amount paid in; *Subscription*, for the amount of stock subscribed but not yet paid for; and *Treasury Stock*, for the amount of stock unsold.

"Treasury Stock" is a term designating that portion of the Capital Stock which is held in the treasury of the company and not subscribed for. It is acquired (1) by being set aside by the stockholders at the formation of the company to be disposed of at a future time in

MISCELLANEOUS INFORMATION.

order to secure a working capital, (2) by being donated to the company to provide for contingencies, losses, etc., and (3) by purchase from the stockholders.

Companies are frequently formed in which a part of the capital consists of resources other than cash. Thus, a person possessing a valuable invention or franchise, may secure the co-operation of investors in organizing a capitalized company. He subscribes for an amount of stock equivalent to the estimated value of his invention or franchise, and the remainder of the capital is supplied in cash by the investors. In this case, Patent or Franchise would be debited for the amount which the company has agreed to pay for the same, the shares being then issued to the respective subscribers in the same manner as if the entire amount of the Capital Stock had been paid in cash.

Some accountants debit each subscriber in the General Ledger for the amount of his subscription. This method unnecessarily multiplies work without increasing the stockholder's liability to the company, as the signature to the Subscription Book completes an enforceable contract, and the Stock Ledger preserves the account with the purchaser.

CHANGING FROM A PARTNERSHIP TO A CORPORATION.

The change from a partnership to a corporation is effected by debiting each partner for the amount of his present worth, and crediting Capital Stock account. Certificates are then issued to each partner to the amount of his share of the Capital Stock. If it is desired to increase the capital of the company beyond the amount of the partner's previous present worth, the additional amount would be debited to Good Will, or some similar resource.

The act of increasing the number of shares without a corresponding increase in the value of the property, is known as "watering stock." Stocks are frequently "watered" in the reorganization of a railroad, (1) by fictitiously increasing the value of the franchise or property; and (2) by issuing shares to the "promoter" of the enterprise for his services in effecting the new organization. This process may be perfectly legitimate in a corporation which does not derive its franchise from the public, but desires to maintain a reasonable ratio between its capital and dividend.

Such fictitious accounts may also be used in changing to a corporation as are necessary to exhibit upon the Ledger the entire resources and liabilities of the company.

THE CLOSING ENTRIES.

It is sound financial policy to set aside a part of the net earnings to meet future contingencies, as possible losses could not be otherwise provided for except by contributions from the shareholders. An additional advantage is also secured in enabling a company to declare a uniform dividend at stated intervals, thus controlling the fluctuations in the market value of the stock which arise from variable dividends.

To this end, an account is opened with "Reserve Fund" or "Surplus" to which a certain portion of the gain is usually carried, and the remainder to Dividend account. As the stockholders are paid their respective amounts, Dividend account is debited.

In case of excessive earnings a portion of the dividend is frequently distributed to the shareholders in stock known as a "Stock" dividend, in which case Capital Stock would be credited for the amount of gain not carried to Reserve Fund and Dividend accounts.

THE VOUCHER METHOD.

Among the modern devices for economical accounting none is more rapidly gaining precedence or is more susceptible of being readily adapted to a large number of specialties than that known as the "voucher" method.

By this method vouchers are kept for all purchases and expenditures of the business. Thus, when a bill has been received and approved, a voucher is issued for the transaction and an entry made in the Voucher Record Book, which contains special columns for the several incidental accounts to be debited.

MISCELLANEOUS INFORMATION.

This "voucher" consists of a combined form of blank bill and receipt. On this form is entered an abstract of the bill, or the original is attached to it. When the bill is paid the voucher is sent with the check to the creditor. He signs the receipt and returns the voucher to the person issuing it. To ensure the return of the voucher, the check and voucher are often printed upon the same sheet, thus necessitating the return of the latter with the check through the bank. The voucher is then filed away with the original, the form being so folded that a printed record on the outside can be filled out, thus giving a condensed history of the enclosed transaction.

The vouchers are numbered consecutively and, at the time of payment, each is charged in the Cash Book, the amount being extended into a Vouchers Payable column. At the end of the month the total amount of the Voucher Record Book is posted to the credit of the Vouchers Payable account and the footings of the several columns posted to the debit of their respective accounts in the Ledger.

REVERSE POSTING.

To guard against errors in posting and the subsequent difficulty in taking a Trial Balance, the method of double or "reverse" posting is frequently adopted.

This consists of inserting a small slip of paper at the Ledger page of the account to which the item has been posted, leaving the end of the slip projecting from the top end of the Ledger. When all the items have been posted from a particular book, each amount is posted back to a "posting" sheet or book having special columns representing each book from which postings are made.

Thus, when each debit from the Sales Book has been posted to the Ledger, a slip is inserted. As soon as the entire posting is completed, beginning with the first slip in the Ledger, each item is transferred to the posting sheet, the amount checked in the Ledger, and the slip removed. The footing of the column on the posting sheet must then equal the sum of the sales for the day. The same plan is followed for each of the principal books. Different colored slips may be used for each book, and for the debit and credit items.

For convenience in entering from the Cash Book and Journal, all of the debits are usually posted first. The footings for each day may be forwarded so that the total at the end of the month will equal the footing of the book of original entry. Any omissions in posting are immediately located by this method, and the Trial Balance may be dispensed with until the periodical time of settlement. Instead of inserting slips for each posting, the items may be transferred to the posting sheet immediately after entering the amount in the Ledger. The advantages of this latter method are apparent.

Another proof of the correctness of the posting, which combines the virtues of both the reverse posting method and the Trial Balance test, may be attained by enlarging the sphere of the Trial Balance. For this purpose, sheets should be used which are sufficiently wide to admit of five money columns on either side of the centre, with a margin at the left for Ledger folios. The columns, in a wholesale business for instance, would be headed in order as follows: Old Dr. Balance, Merchandise Sold, Discount on Purchases, Cash Paid, New Cr. Balance, Old Cr. Balance, Cash Received, Discount on Sales, Merchandise Bought, and New Dr. Balance. The names of the accounts need not be entered as the Ledger folio locates the account.

The accounts are then transferred from the Ledger in the numerical order of pages and the aggregate of the separate items is entered in the column which it affects. Thus, from a creditor's account the previous balance is entered in the Old Dr. Balance column; the total of his purchases for the month, in the Merchandise Sold column; his total cash payments on account during the month, in the Cash Received column; the discount allowed on these payments, in the Discount on Sales column; and the present balance due, if any, in the new Dr. Balance column.

By this process each separate line of the Trial Balance is kept in balance and its equilibrium can be tested at any point. In case of a large number of accounts it is best to make the

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additions at the middle and end of each page, so that, in case of error, the items may be quickly checked back to the point where the test was last applied. The certainty of thus locating an error within a certain section of the Trial Balance, is a sufficient compensation for the slightly additional labor of extending the separate totals into special columns.

The final proof is obtained in the same manner as by reverse posting; that is, the footings of the Merchandise and Cash columns must agree respectively with the footings of the Sales Book, Purchase Book, and Cash Book. This form of test may be adapted to any business by using such columns as the form of record would require.

PETTY ACCOUNTS.

Many retail firms doing a credit business have a large number of transient or irregular creditors to whose accounts only a single item is likely to be entered. To avoid opening a separate account in the Ledger with each of these persons, the items may be charged to a single "Petty Accounts" or "Sundry Debtors" account and the name of the person written in the explanation column. When a payment is received this account is credited and the amount posted opposite the item previously charged. If a part payment is made, the entry may be made in small writing in the upper part of the credit space.

MARKING GOODS.

It is the custom of most merchants in marking goods for sale to indicate the selling price in figures, but to use a private mark of arbitrary characters or letters to show the cost price. If the latter are employed any word or phrase containing ten different letters may be adopted. To avoid the repetition of any letter or character an extra letter or character called a "repeater" can be used. The characters formed by two perpendicular lines crossing two horizontal lines are frequently used, the nine digits being written in the spaces in any desired order. The first or last ten letters of the alphabet are often employed, and words like *blacksmith*, *main source*, etc., are suggestive of other combinations.

THE CHECK REGISTER.

In a business which issues a large number of checks daily, or where two or more bank accounts are employed, much confusion may be avoided by using a Check Register. By this method loose checks are used, the checks upon each bank being numbered and placed in separate compartments. The checks are withdrawn and filled out as desired, and the date, number, name of the party, for what given, etc., are entered in order in this book and the amount extended into the proper bank column. Special columns may be provided for deposits, or for any other purpose. The debits are transferred to the Cash Book in the same manner as from the Check Book stubs.

DETECTION OF ERRORS IN TRIAL BALANCES.

First.—Ascertain the exact amount of the error. Much time is frequently wasted in looking for errors which do not actually exist. *Second.*—Revise carefully the additions of the Trial Balance before looking for the error in the Ledger or other books. If the error is one figure only, it is probably an error in addition or subtraction. If the error contains a number of figures, it is probable that some account or item has been omitted. *Third.*—Dividing the difference by 9, 99 or 999, respectively, will indicate a digit which has been written one, two, or three places to the right or left. Dividing by 2 will indicate an amount which may have been entered on the wrong side of an account. *Fourth.*—Look for the error systematically, and not in certain portions of the work selected at random. Be sure that the cash balance has been transferred from the Cash Book; that all footings have been properly forwarded, and that units are under units and tens under tens. *Fifth.*—Review the postings from the books of original entry and check off in the Ledger, in pencil, the amounts which are correctly entered. In business, the postings should be checked daily, that errors may be discovered at once. Corrections should be made by drawing a line through the error and rewriting the proper entry. Erasures should never be made in a book of original entry.

COMMERCIAL WORDS AND PHRASES DEFINED.

Acceptance. The name given to a draft that has been accepted; an agreement, by signature, to pay a draft according to its terms.

Account Current. An itemized account of the business transactions between two houses, showing amount due at the current date. This amount is termed the *cash balance*.

Account Sales. A detailed account of sales of goods, and charges thereon, rendered by the commission merchant to the consignor.

Accrued. Earned or due and unpaid.

Acknowledgment. A formal admission made before a magistrate, that the act described was voluntarily done; the recognition of the receipt of a letter, remittance, or goods.

Advance. Money paid before goods are delivered; increase in price.

Advice. Information communicated by letter; usually the announcement of goods shipped, or bills sent for acceptance.

Affidavit. A written declaration under oath, sworn to before a magistrate.

Agent. A representative; one who is commissioned to do business for another.

Agreement. The meeting of minds; a contract.

Arbitration. A method of settling differences by referring the matter in dispute to one or more disinterested persons.

Assignee. A person to whom property is transferred for the protection of the insolvent's creditors.

Assignment. The act or instrument by which the property of an insolvent debtor is placed in the hands of an assignee.

Assume. To undertake or promise to do any act or perform any service.

Attachment. A legal process by which the defendant's property may be seized as security for the payment of a debt.

Auditor. A person appointed and authorized to examine or adjust accounts.

Average Investment. A sum, which if invested during a given time, is equal in effect to several investments for specified periods.

Balance. A technical expression used to signify the difference between two opposite accounts, or between the two sides of an account; to close an account.

Bank Balance. The net amount one has on deposit in the bank, subject to check.

Bank Book. The pass book of a depositor, in which the receiving teller enters the amounts deposited with date and signature, and when required writes in the checks which have been paid showing the balance in bank.

Banks. Institutions organized for the purpose of dealing in money. They are authorized to receive money on deposit; to issue their own promissory notes, which pass as money; to discount paper, or lend money on security; to sell bills of exchange, and to make collections for their customers and correspondents.

Bank Stock. The paid-up capital of a bank, usually consisting of shares.

Bearer. The person holding or presenting for payment a note, draft, or check. Bills, payable to bearer, are negotiable without endorsement.

Bill of Lading. A receipt from a transportation company for specified goods, and containing a conditional contract for their delivery at a certain place, signed by the carrier's agent.

Bill of Parcels. A methodical transcript of goods sold, given by the seller to the buyer, with price of unity, extension and footing, showing the particulars of the transaction and the terms of credit; an invoice.

Bills of Exchange. Drafts drawn upon foreign countries, and expressed in the currency of the country in which they are payable. *Banker's Bills* are those drawn by bankers on bankers. *Commercial Bills* are those based upon movements of merchandise, and drawn by merchants. *Documentary Bills* are those accompanied by the bill of lading, the letter of hypothecation, and the insurance certificates, which convey the title of the property represented to the holder of the bills.

Board of Trade. A voluntary association of merchants or business men organized and maintained for mutual benefit, and for the promotion and regulation of domestic and foreign trade; also known as Chamber of Commerce, Merchants' Exchange, etc.

Bond. A written promise under seal, binding a person to do or not to do a certain thing; also the obligation of a corporation, city, county, state, or government to pay a certain sum of money at a certain time, with a fixed rate of interest payable at stipulated periods.

Bonus. A voluntary compensation, generally for gratuitous services rendered a corporation.

COMMERCIAL WORDS AND PHRASES DEFINED.

Broker. A general agent or middle-man between buyer and seller; a dealer on the stock exchange. Commission merchants are often styled brokers, especially such as negotiate sales of special articles, or do service for others in special directions: as, for instance, cotton brokers, exchange brokers, ship brokers, etc.

Capital. Money or other property invested in a business.

Capital Stock. Same as above; though used more especially to denote the par amount of capital in a joint stock company or corporation authorized by charter.

Card System. A method of using cards instead of books for permanent record frequently employed by financial institutions. These cards are ruled in Ledger form, alphabetically arranged in cases, and the accounts in each case systematically indexed.

Cash. A general name given to money or current funds. It includes coin bank notes, Treasury notes and certificates, checks bank drafts, sight drafts, postal and express money orders, etc.

Cash Balance. The amount due at the current date, including interest.

Cashier. One who has charge of the cash. The cashier of a bank or other corporation, besides having charge of the money, is the financial officer in a more enlarged sense, and usually superintends its financial operations.

Certificate of Deposit. A receipt issued by a bank, stating that a certain sum has been deposited payable upon return of said certificate properly endorsed.

Certified Check. A check having the word "good," or any customary equivalent, written or stamped across its face, and signed by an officer of the bank upon which it is drawn, thus making the bank absolutely responsible for its payment.

Charges. A general term for the expenses of selling goods. It usually comprises drayage, cooperage, storage, etc., and sometimes commission and insurance.

Check. An order on a bank drawn by a depositor; to mark as correct.

Clearing House. An institution for the effecting of daily settlements between banks by the mutual exchange of drafts and checks, and the payment of differences in a single amount.

Collateral. Pledges of negotiable paper or other value, for loans of money or other indebtedness.

Commission. A percentage or allowance for transacting business for another.

Common Carrier. One who for pecuniary consideration undertakes the conveyance of goods from one place to another for any person who chooses to employ him.

Compromise. A settlement of differences by mutual concessions.

Consignee. One to whom goods are sent.

Consignment. Goods received to be sold on the consignor's account.

Copartnership. The result of a voluntary contract between two or more competent persons for the joining of their capital services, or both, in a business venture, the gains or losses of which are to be divided in such proportion as may be stipulated in the agreement; house; firm.

Corporation. A body politic or corporate authorized by law to act as a single individual, and endowed with the power of perpetual succession of members. This may be in a municipal capacity, as a city; or in a business capacity, as a bank, or other financial enterprise.

Coupon. A certificate attached to a bond representing an instalment of interest due at a specified time.

Credit. The opposite of debit; confidence reposed in a purchaser of goods or borrower of money; what is due another; time given for the payment of goods sold; reputation.

Credit Memorandum. A notice sent to a purchaser as evidence that an allowance has been made for goods returned, shortage, damage, or other causes.

Currency. That which is in general use as money or as a representative of value.

Customs. The duties imposed by law upon imported and exported merchandise.

Days of Grace. Three days allowed for payment after the expiration of the time specified in a note or draft. They have been abolished in New York, California, Illinois, Pennsylvania, New Jersey, and several other States.

Debenture. An obligation of corporations issued in a convenient form of certificate or bond to be bought and sold as investment; a certificate from a custom-house to an importer for drawback of duties.

Debit. A term used to designate the left-hand or debtor side of an account; the act of entering on the debit side.

Debt. That which one person owes another.

Deposit. To place in bank for safekeeping.

Depreciation. A fall in value; reduction of worth; a provision made from the yearly gains to make good the wear of machinery, plant, buildings, etc., thus distributing the loss through a series of years.

COMMERCIAL WORDS AND PHRASES DEFINED.

- Discount.** An allowance made for prepayment or for prompt payment of a bill or debt.
- Dishonor.** Refusal to pay an obligation when due or to accept a draft when presented.
- Dividend.** A proportionate division of the net earnings of a concern to the partners or stockholders.
- Drayage.** Charges for conveying goods from one part of the city to another.
- Endorse.** To write one's name upon the back of a note, draft or check.
- Equation.** The process of finding the time when several debts due at different dates may be paid in one amount without loss of interest to either party.
- Exchange.** The method by which debts to distant creditors are discharged without the actual transference of money; the rate at which the documentary transfer of funds can be made; a bank draft or bill of exchange.
- Express Company.** An association which for a proper consideration undertakes to carry and deliver packages of goods, money, etc., at a shorter time than would usually be required by the ordinary modes of transmission.
- Extend.** To carry out the arithmetical products of a bill or entry into columns.
- Extension.** An agreement on the part of a creditor to allow further time for the payment of a debt.
- Financier.** A person skilled in money matters.
- Fixtures.** That part of the furnishing of a store or office which is not movable, such as gas-pipes and burners, partitions, etc.
- Footing.** The expressed amount of a column of figures; adding up columns of figures.
- Franchise.** A certain right, privilege or exemption granted by a general, state, or municipal government to individuals or corporations.
- Freight.** Charge made for the carriage of merchandise, the amount of which is generally specified in the bill of lading; the term is also used to express the cargo itself.
- Fund.** To convert a floating debt into a permanent loan, represented by interest-bearing bonds which are redeemable within a fixed period of years.
- Furniture.** Movable articles which constitute the furnishing of a store or office, such as chairs, desks, carpets, etc.; such articles kept for sale, the same as merchandise.
- Goods.** Any species of merchandise.
- Good Will.** The interest which attaches to an established business, and which is supposed to inhere in it, whoever may be the proprietor. The *good will* of a business is often as much a matter of purchase and sale as any other commodity. Its value depends upon the probability that its former patrons will continue their patronage.
- Greenbacks.** United States notes as distinct from national bank-notes.
- Guaranty.** An undertaking to answer for the payment of a debt or the performance of a contract or duty of another in case of the failure of such other to perform it; a security against a loss.
- Honor.** To accept or pay when due.
- Hypothecate.** To transfer the possession of personal property, particularly negotiable securities, with evidences of title to a creditor; to pledge as security; to mortgage a ship or her cargo.
- Importer.** One who brings goods from another country.
- Income.** Total amount of earnings and receipts of money from all sources.
- Index.** An alphabetical table of contents of a book.
- Instalment.** A part of a sum of money paid or to be paid at a particular time.
- Insurance.** Security against loss; premium paid for insuring.
- Insurance Policy.** The instrument containing the contract by an insurance company with the person whose property or life is insured.
- Interest.** The use of money; a share in a business or its profits.
- Inventory.** A list of goods usually made at the end of the business year, for the purpose of determining the quantity and current cash value of each item of unsold merchandise.
- Invoice.** A detailed list of goods bought.
- Jobber.** One who buys goods from the importers and manufacturers, and sells to the trader, wholesale or retail.
- Joint Stock Company.** An association of partners or stockholders, whose interests are represented by the stock or shares they individually hold.
- Lease.** A contract for the temporary possession of a store or other building.
- Letter of Credit.** A letter from a mercantile or banking house given to a traveller, authorizing him to draw funds from their agents in foreign countries.

COMMERCIAL WORDS AND PHRASES DEFINED.

- Limited.** A term affixed to a stock-company's name, signifying that each shareholder's liability is limited to a specified amount, usually to the value of the shares held by him.
- Liquidation.** The act of settling debts.
- Manifest.** A list of a ship's cargo.
- Mercantile Agency.** An institution which ascertains and furnishes information concerning the financial standing, general business reputation, and credit-ratings of individuals, firms and corporations engaged in mercantile enterprises.
- Merchants' Exchange.** The place of meeting of merchants, whose business is transacted at certain hours, and where the latest information regarding shipping, prices, etc., is to be obtained.
- Money.** A universal order for all purchasable things; current coin; any circulating medium.
- Money Order.** An order on a third party, requesting him to pay to the person named a certain sum of money: express, postal, telegraph, etc.
- Mortgage.** A conditional transfer of the title to property as security for the payment of a debt. The discharge of the debt renders the transfer void.
- Negotiate.** To propose or consider terms with a view to a bargain or agreement.
- Net.** Clear of all charges and deductions.
- Notary.** A public officer authorized by law to take acknowledgments of legal documents and to protest paper for non-payment.
- Open Account.** An account which is running or unsettled.
- Open Policy.** An insurance policy covering undefined risks, which provides that its terms shall be made definite by subsequent endorsements or additions.
- Outlawed.** A term applied to a debt or note which has run beyond the time when its payment can be enforced by law.
- Outstanding Accounts.** The book debts or claims which are not yet paid or collected.
- Overdraw.** To issue a check upon a bank for an amount greater than one's credit balance.
- Par.** Equality of nominal and actual value; face value; standard; normal.
- Partner.** An associate in business.
- Pawnbroker.** One who lends money on pledge or the deposit of goods.
- Power of Attorney.** Authority to act for another.
- Premium.** The sum paid for insurance; advance above par.
- Price.** The sum of money at which a thing is valued.
- Protest.** A notice issued by a notary to the endorsers of a note or draft, stating that the same was not paid at maturity; or to the drawer of a draft, stating that it was not accepted upon presentment. It is made to hold the endorsers for payment, and to furnish legal evidence in case action is taken against the maker or endorsers.
- Quotations.** The published current prices of goods, stocks, bonds, etc.
- Rebate.** A deduction allowed for overcharge or for the payment of a debt before it matures.
- Receipt.** A written acknowledgment of having received money or other valuable consideration.
- Receiver.** A person appointed to wind up the affairs of a corporation on its dissolution.
- Red Tape.** The tape used in public offices for tying up documents, etc.; hence, official formality.
- Registered Letter.** A letter which is recorded and receipted for by the receiving postmaster and each subsequent employee through whose hands it passes, thus ensuring comparative safety in its transmission.
- Remittance.** Commercial paper or money transmitted to another.
- Rent.** Amount given for the privilege of occupying another's premises.
- Retail.** To sell in small quantities.
- Sale.** The transfer of property from one person to another for a price paid or to be paid.
- Shipment.** Goods shipped; act of shipping.
- Short-Extend.** To enter figures at the left of a money column.
- Sight.** The time of presenting a bill to the drawee.
- Signature.** The name of a person written by himself.
- Sinking Fund.** A fund set apart from earnings or other sources of income, for the redemption of bonds, or other obligations, of a corporation.
- Spot Cash.** A term applied to a sale of goods to be paid for on delivery.
- Statement.** A detailed list of the debits and credits of a personal account; a summary.
- Stock Exchange.** A place where brokers and bankers meet daily to buy and sell stocks, bonds, etc.

ABBREVIATIONS.

Stocks. Shares in the capital stock of any joint stock company.

Storage. Amount paid for privilege of storing goods in another person's warehouse.

Sundries. A term denoting more than one.

Surety. A person who binds himself to pay a sum of money or perform some act in case of the failure of another to do so.

Suspense Account. An account into which amounts are transferred the collection of which is considered doubtful.

Syndicate. A combination of capitalists who unite their resources to dispose of a large loan, or to conduct some large financial or industrial enterprise.

Tare. A deduction made for the weight of boxes, barrels, or wrappings of merchandise.

Tariff. A rate of duty fixed by law on imports and exports.

Telegram. A message transmitted by telegraph.

Terms. The conditions of a sale or agreement; usually confined to the length of credit and the rate of discount.

Trade Discount. A deduction from certain list prices made to a dealer in the same trade.

Transfer. A legal conveyance of value; to carry from one account to another.

Tranship. To transfer merchandise from one conveyance to another.

Trust. An organization for the control of several corporations, effected by a transfer of a majority of the stock of each corporation to a central committee, who elect the directors—the object being to economize expenses, regulate production, and defeat competition.

Trust Certificate. A certificate issued to a stockholder upon transferring his stock to a trust, showing his interest in the profits.

Trust Company. An incorporate institution which receives deposits and loans them on the pledge of stocks, bonds and other securities. It is also a legal depository for Court and trust funds, and acts as executor, trustee, administrator, guardian, receiver, and transfer and financial agent for corporations and municipalities.

Trustee. A person to whom property or funds have been committed.

Underwriter. An insurer; so called because he underwrites his name to the conditions of a policy.

Usury. The taking of more than legal interest for the use of money.

Valuation. The estimated worth of a thing.

Voucher. A receipt, memorandum, entry, or document, the production of which confirms and establishes a fact.

Warranty. An agreement to become responsible for certain facts expressed in a contract.

Way Bill. A document containing description and complete shipping directions of goods sent by a common carrier by land.

Wholesale. To sell goods in quantity; usually in unbroken or whole packages.

Write off. To cancel by an entry on the opposite side of an account; as, the reducing of a resource by transferring the deduction to Loss and Gain account.

ABBREVIATIONS.

A1, First-class.
ad., Advertisement.
agt., Agent.
Ala., Alabama.
a. m., (*ante meridiem*), Before noon.
Amt., Amount.
Apr., April.
Ariz., Arizona.
Ark., Arkansas.
Assn., Association.
Asst., Assistant.
asstd., Assorted.
Atty., Attorney.
Aug., August.
Ave., Avenue.
Bal., Balance.
B. B., Bill Book.
bds., Bundles.
bgs., bags.
bkts., Baskets.
B/L, Bill of Lading.

Bldg., Building.
bls., Bales.
b. o., Buyer's option.
Bot., Bought.
B. Pay., Bills Payable.
B. Rec., Bills Receivable.
brls., Barrels.
Bros., Brothers.
Brot., Brought.
B S, Bill of Sale.
bush. or bu., Bushels.
bxs., Boxes.
C. A., Chartered Accountant.
Cal., California.
Can., Canada.
Cash., Cashier.
C. B., Cash Book.
Chgs., Charges.
chts., Chests.
c. i. f., Cost, insurance, and freight.
Ck., Check.

Co., Company, County.
C. O. D., Collect on delivery.
Coll., Collection.
Colo., Colorado.
Con., Consolidated.
Conn. or Ct., Connecticut.
Const., Consignment.
cou., Coupon.
Cr., Creditor.
cs., Cases.
cfs., Certificates.
Ctg., Cartage.
cum., Cumulative.
cwt., Hundred weight.
d., Pence.
D. C., District of Columbia.
Dec., December.
Del., Delaware.
Dept., Department.
Dft., Draft.
Disc., Discount.

ABBREVIATIONS.

div., Dividend.
do. (*ditto*), The same.
dols., Dollars.
doz., Dozen.
Dr., Debtor.
Dray., Drayage.
ds., Days.

E., East.
ea., Each.
E. E., Errors excepted.
E. & O. E., Errors and omissions excepted.
e. g. (*exempli gratia*), For example.
Eng., English.
Entd., Entered.
e. o. d., Every other day.
Esq., Esquire.
et al. (*et alii*), And others.
etc. or *&c.* (*et cetera*), And so forth.
Ex., Express.
Exch., Exchange.
Exp., Expense.

f. a. s., Free alongside.
Feb., February.
fl., Florins.
Fla., Florida.
f. o. b., Free on board.
Ford., Forward.
fr., Francs.
frt., Freight.
ft. or (*'*), Feet.

Ga., Georgia.
gals., Gallons.
gro., Gross.
grs., Grains.
gtd., Guaranteed.

hf, Half.
hhd., Hogshead.
Hon., Honorable.

Ia., Iowa.
I. B., Invoice Book.
ib. (*ibidem*), In the same place.
i. e. (*id est*), That is.
Ill., Illinois.
in. or (*"*), Inches.
Ind., Indiana.
Ind. T., Indian Territory.
Ins., Insurance.
inst. (*instant*), The present month.
Int., Interest.
Inv., Invoice; Inventory.
I. O. U., I owe you.

J., Journal.
Jan., January.
Jr., Junior.

Kans., Kansas.
kgs., Kegs.
Ky., Kentucky.

L. s. d., Pounds, shillings, and pence.
La., Louisiana.
lb. (*libra*), Pound (in weight).

L. B., Letter Book.
L/C, Letter of Credit.
L. F., Ledger Folio.
L. I., Long Island.
Ltd., Limited.

M., Thousand.
Mar., March.
Mass., Massachusetts.
Md., Maryland.
M/d, Months after date.
Mdse., Merchandise.
Me., Maine.
Memo., Memorandum.
Messrs. (*Messieurs*), Gentlemen; Sirs.
Mfg., Manufacturing.
Mich., Michigan.
Minn., Minnesota.
Miss., Mississippi.
Mo., Missouri.
M. O. D., Mail Order Department.
Mont., Montana.
mos., Months.
Mr., Mister.
Mrs., Mistress.
Ms., Manuscript.
Mtg., Mortgage.

N., North.
N. B. (*nota bene*), Note well; Take notice.
N. C., North Carolina.
N. Dak., North Dakota.
Nebr., Nebraska.
Nev., Nevada.
N. H., New Hampshire.
N. J., New Jersey.
N. Mex., New Mexico.
No., Number.
Nov., November.
N. Y., New York.

O., Ohio.
Oct., October.
O. K., All correct.
Okla., Oklahoma.
Or., Oregon.
oz., Ounce.

p., Page.
Paymt., Payment.
p. c., Per cent.
P. C. B., Petty Cash Book.
pcs., Pieces.
Pd., Paid.
Penn. or *Pa.*, Pennsylvania.
per., By.
psd., Preferred.
pkgs., Packages.
pkts., Pecks.
p. m. (*post meridiem*), Afternoon.
P. O., Post Office.
pr., Pair.
Pres., President.
prox. (*proximo*), The next month.
pts., Pints.

qr., Quarter.
qt., Quart.

qts., Quintals.
qto., Quarto.

rcts., Receipts.
Recd., Received.
Reg., Register; Regular.
retd., Returned.
R. I., Rhode Island.
R. R., Railroad.
Ry., Railway.

S., South.
s., Shillings.
S. B., Sales Book.
S. C., South Carolina.
S. Dak., South Dakota.
Secy., Secretary.
Sept., September.
Shipt., Shipment.
sk. fd., Sinking fund.
s. o., Seller's option.
Sr., Senior.
S. S., Steamship.
ss. (*scilicet*), To wit; Namely.
St., Street; Saint.
Str., Steamer.
Sunds., Sundries.
Supt., Superintendent.

T., Territory.
tes., Tierces.
Tenn., Tennessee.
Tex., Texas.
Treas., Treasurer.

ult. (*ultimo*), The last month.
U. S., United States.

Va., Virginia.
via, By way of.
viz. (*videlicet*), To wit; Namely.
vol., Volume.
vs. (*versus*), Against.
Vt., Vermont.

Wash., Washington.
Wis., Wisconsin.
wt., Weight.
W. Va., West Virginia.
Wyo., Wyoming.

yd., Yard.
yr., Year.

\$, Dollar.
£, Pound (sterling).
¢, Cents.
a/c, Account.
@, At, or to.
c/o, Care of.
%, Per cent.
✓, Check mark.
1., Number (before a numeral);
Pounds (after a numeral).
4-4, Four quarters (width).
1¹, One and one-fourth.
1², One and two-fourths.
1³, One and three-fourths.

QUESTIONS FOR REVIEW.

1. What is Book-keeping?
2. What is an Account?
3. What does Cash account show?
4. Can the credit side of Cash account ever be larger than the debit side? Why?
5. When is a person your debtor? When your creditor?
6. What is the purpose of Bills Receivable account?
7. In Bills Receivable account which side, if either, is the larger? Why?
8. What is the difference between bills receivable and debts receivable?
9. What does Bills Payable account show?
10. Can the debit side of Bills Payable ever be larger than the credit side? Why?
11. What is the purpose of Business?
12. Which side of Merchandise account is the larger? Always?
13. Define Interest. When credited?
14. Is Expense ever credited? If so, when?
15. What is meant by the term "Bills"?
16. What is a business transaction?
17. What is meant by "journalizing"?
18. What is posting?
19. Why should the debits and credits in a Ledger be equal?
20. Is the Trial Balance a perfect test of the correctness of the Ledger? Why?
21. What are Resources?
22. What are Liabilities?
23. In how many ways may the Net Capital or Net Insolvency be found? Explain them.
24. What is a Gain?
25. What is a Loss?
26. In how many ways may the Net Gain or Net Loss be found? Explain.
27. What important meaning lies beyond the fact of "equal debits and credits"?
28. What two ideas run through all movements of the business for acquisition or gain?
29. What are Business accounts?
30. What are Financial accounts?
31. Which class does Cash represent? Which Merchandise?
32. What results are shown in an Analytic Statement?
33. What is meant by "closing" an account?
34. What is the first step in Closing the Ledger?
35. How do you close a Business account?
36. Why can not the value of unsold property be ascertained from the Ledger?
37. When should red ink be used in the Ledger, and what does a red-ink entry signify?
38. How do you close a Financial account when it contains but one item?
39. Give three reasons for closing the Ledger?
40. What does a Ledger show in single items after it is closed?
41. Why is it important to place the page of the Ledger in the Journal as soon as an entry is posted?
42. Why not close the Proprietor's account first?
43. If the Merchandise account balances and there is \$100 worth of merchandise on hand, what is the net gain or net loss on merchandise?
44. What entry is made when you settle with a person for less than 100 cents on the dollar?
45. Why was the Loss and Gain account entered in the Trial Balance of Set II.?
46. What is meant by "commercial paper"?
47. What is the object of using notes and drafts?
48. What is a Note?
49. Who are the parties to a note? Define them.
50. What is an endorsement? Where and how made?
51. When is a note negotiable?
52. Why are notes often drawn payable to the order of "myself" or "ourselves"?
53. How many kinds of endorsements are there? Describe them.
54. How is the maturity of a note determined?
55. Who fixes the place of payment?
56. What is a Draft? Why drawn?
57. What account should be credited when you draw a draft on a person?
58. Who are the parties to a draft? Define.
59. When a person draws a draft on you what entry do you make?
60. What is meant by "accepting" a draft?
61. What does it mean to "discount" a note or draft?
62. Received from W. L. Strong to apply on account, C. M. Depew's acceptance for \$350 due in 37 days. What entry?
63. What is the object of keeping a Bill Book?
64. Is your draft a bill receivable or a bill payable?
65. Draw a 30-day draft and make the journal-entries of all the parties, including acceptance and payment.
66. What is a book of "original entry"?
67. What items are entered on the debit side of the Cash Book?

QUESTIONS FOR REVIEW.

68. How is a Cash Book posted?
69. If the resources at beginning business are \$6000 and the liabilities \$7000, and the resources at closing are \$7000 and the liabilities \$6000, how much is the gain or loss?
70. What is the difference between a sight draft and a check?
71. How is the value of unsold goods estimated in business?
72. Why does the party receiving a note ever get it discounted?
73. Under what circumstances is a concern said to be insolvent?
74. What notes must be endorsed before the investment of Set V. can be completed?
75. From what source can the value of a business be ascertained?
76. How can the balance in the Cash Book be proved?
77. Why should there be no erasures in a book of original entry?
78. If you sell a bill of goods and receive cash in part payment, balance on account, what entries do you make?
79. Why was interest charged on all bills receivable in the investments of Set V.?
80. How is the Loss and Gain account closed when there are two partners in a business?
81. How does a Sales Book differ from a Journal?
82. What is meant by Good Will? How determined?
83. Why do banks sometimes charge a premium for issuing a draft?
84. If a purchaser does not settle promptly, what steps would you take to collect the debt?
85. Can interest be collected on a bill that is not paid when due?
86. What is a "credit memorandum"?
87. What is understood by New York "exchange"?
88. In closing your cash you are \$10 short, what entry would you make? If \$10 over? How may this come about?
89. What are the reasons for keeping an account in the Ledger with all purchasers?
90. Should you pay McCreery's bill for dry goods for your family with money taken from the business, what entry would you make? What entry if you do not take the money from the business?
91. What is the purpose of an Order Book? How posted?
92. Why are special columns used in a Cash Book? How many might be used?
93. Is a bank account usually kept in the Ledger?
94. What is the meaning of the expression "two ten, net thirty"?
95. What date should be entered in the Ledger when an invoice is received on account at a specified number of days or months? What explanation?
96. Are accounts in the Customers' Ledger entered in the Trial Balance? Why?
97. Is a Cash account in the Ledger necessary?
98. When should a note be paid which falls due on Sunday? On July 4?
99. Can the proprietor's investment be accurately determined without finding the present value of all bills, both receivable and payable? Is this always done? When necessary?
100. During the progress of the business with what is the Loss and Gain account debited and credited?
101. What is the difference between Single and Double Entry?
102. What kind of information is in a Single Entry Ledger?
103. Would it be encroaching upon Double Entry to introduce a Merchandise or Cash account? How?
104. Mention a transaction which in Single Entry requires an entry in both Day Book and Cash Book.
105. What facts appear in a Single Entry statement?
106. If you were called upon to change a set of books from Single to Double Entry, what information would you require from the proprietor?
107. Would it be necessary for you to know the amount of his investment? Net gain or loss? Why?
108. From what source would you obtain the Interest inventories, if any?
109. How would you determine what incidental accounts to open?
110. What accounts must be added to a Single Entry Ledger to meet the requirements of Double Entry?
111. Explain the use of the Check Book.
112. Why are checks used in preference to cash in the payment of debts?
113. What is a Consignment?
114. To which class of accounts do consignments belong?
115. Are goods on hand that have been shipped by others to be sold on commission, to be considered a resource to the business?
116. How does a commission merchant know that goods have been shipped to him?
117. In which book is the first record of a consignment made? What is entered?
118. Why not credit the consignor for the value of the goods sent and debit him for the charges?

QUESTIONS FOR REVIEW.

119. What endorsements must be made to complete the investments in Set VII.?
120. What is the difference between a consignment and a shipment?
121. Why cannot checks be drawn against notes and acceptances left at a bank for collection?
122. What is a certified check?
123. Explain how money is remitted by "express."
124. What is a Protest? For what purpose, and by whom made?
125. How does an auxiliary differ from a principal book?
126. Why should accrued interest on bills payable be treated as a liability?
127. What entry would you make if your draft was returned without acceptance?
128. Why is it desirable to have a bank draft drawn payable to the order of the person who remits it?
129. What is an Account Sales? Invoice? Bill of Lading?
130. Define *net proceeds*, *advance*, *charges*, *joint account*.
131. Describe the Columnar Journal.
132. How many columns might be used?
133. To what kind of business is the Columnar Journal best adapted?
134. Is it necessary that the number of columns on either side be equal?
135. When may the items in the general column be posted?
136. Describe the method of entering transactions in the Cash Journal that contain no cash.
137. What is meant by saying securities are quoted "flat"?
138. For what amount are stocks generally issued?
139. What determines the market value of stocks?
140. Why do stock brokers require a deposit from persons for whom they purchase stocks? What per cent.?
141. On what amount does the broker charge interest?
142. How would you proceed to find an error in a Trial Balance?
143. What accounts are generally left open in closing the Ledger?
144. Are all drafts on a firm entered as Bills Payable? Explain.
145. What effect is produced upon an account by closing it?
146. If the goods when received did not correspond with the invoice, what would you do about it?
147. Suppose you have damaged goods returned to you for which you refund cash, what entries?
148. How may errors be committed in posting?
149. If the debits and credits are always equal, how can there be a loss or gain? Explain.
150. How can you adjust interest between partners without using Interest account?
151. In case of fire, how would you determine the value of the goods destroyed?
152. What is an Index? How prepared?
153. Who pays the partners' salaries when they are allowed in the articles of agreement?
154. What is meant by "terms regular"?
155. To what account would you charge attorney's fees for collections?
156. How often are the books closed in a majority of houses?
157. What is a collateral?
158. How are losses and gains divided according to average investment?
159. What is meant by "extending" an invoice?
160. Define *corporation*, *stock certificate*, *bond*, *instalment*, *dividend*, *reserve fund*, *joint stock company*, *limited*, *franchise*, *bonus*.
161. What is meant by "watering stock"? How accomplished?
162. What is the purpose of Suspense account?
163. Define *stock*, *bond*, *preferred*, *coupon*, *registered*, *cumulative*, *convertible*, *margin*, *option*, *debenture*, *consols*, *sinking fund*.
164. If you were a bookkeeper and did not know what to do, what would you do?







